TAB II.2

ABB, INC.

SECTION B
PART B TECHNICAL PROPOSAL AND
STATEMENTS AND CERTIFICATIONS REGARDING ELIGIBILITY

QUALIFICATIONS AND CERTIFICATIONS

NOTE: The Authority reserves the right to audit compliance with respect to each of the required statements and certifications in the forms submitted by Offerors, including but not limited to the Domestic U.S. Content Certification, Domestic U.S. Content Worksheet, and Final Assembly of Production (Non-Pilot) Vehicles in Massachusetts.

Questions Concerning Eligibility

Provide short answers (and attach relevant documents) to the following questions and requests:

Name of Supplier or Subcontractor and Component

ABB Inc.

1. Attach relevant Certificate of Good Standing from the Secretary of State of the Commonwealth of Massachusetts.

ABB Inc. Certificate in Good Standing - Ma

2. Provide the names and telephone numbers of all business owners, shareholders if not a publicly held corporation, and/or members if a limited liability company.

ABB Inc. is owned by ABB Holdings Inc.

3. Provide the names, title and telephone numbers of all officers.

Greg Scheu: Region Manager, North America – 919-829-4400
David Onuscheck: General Counsel and Secretary, North America – 919-829-4400
Jan Allde: Region Chief Financial Officer – 919-829-4400

4. Has the business or an owner or shareholder of the business ever had a prior contractual relationship with the MBTA? If yes, please describe relationship.

We are an approximately $10 million business in North America. It is possible that we have, in the past, had a business relationship with MBTA. However, it is not possible to confirm that one way or the other for purposes of this questionnaire.

5. Has the business or an owner or shareholder of the business ever been in default of any obligations under a contract with the MBTA, any other Massachusetts state agency or any federal agency? If yes, please describe the circumstances. Please indicate whether it resulted in a termination for cause.

No.

6. Have any of the business owners, shareholders, or officers every been convicted of felony violations of Federal, state or local laws? If yes, please describe the circumstances.

MBTA.docx

Yes. Please see attached.

7. Are there any pending recent law suits against the business or any of its owners or shareholders? If yes, please describe the circumstances.

Businesses of the nature, size, and scope of operations such as those conducted by ABB Inc. are subject to a variety of claims, arbitrations, suits, judgments, liens and other disputes from time to time. ABB Inc. responds to each such claim in a manner it considers appropriate in the circumstances.

8. Provide the name, address, account number, contact person and telephone number of the insurance agent responsible for procuring insurance required by the Solicitation Documents.

AON Risk Service Northeast, Inc., One Federal Street, Boston, MA 02110, Patrick Sesselman, Phone: (617) 457-7713.

9. Provide the name, address, contact person and telephone of three business credit references, including but not limited to your primary banking institution.

The procedure is for the vendor to call or fax a request for a credit inquiry providing contact name and telephone number along with the ABB company name and ABB JP Morgan Chase bank account number. The price is $0 for credit reference from JP Morgan Chase bank.

JP Morgan Chase - National Confirmations
PO Box 260166
Baton Rouge, LA 70826-0166
Fax: 225-332-7269
Fax: 225-332-4342
24 hour turnaround time

Main telephone number: 225-332-7731 (live) and can leave a message. Automated telephone number 225-332-7788, Paulette Davis - 225-332-7730

10. Has the business or any of the business's owners or shareholders ever filed for bankruptcy or invoked insolvency proceedings under state law?

ABB Inc.'s US affiliates, Combustion Engineering Inc. and Lummus Global Inc., filed for bankruptcy protection in 2003 and 2006, respectively. Both companies have emerged from bankruptcy. Lummus has since been sold to Chicago Bridge & Iron.

11. Provide the last three (3) years of audited financial statements, or reasonable equivalent of the Offeror. If the Offeror is a joint venture or other combination of business entities, provide the last three (3) years audited financial statements for each entity.

ABB Inc. does not have stand-alone audited financial statements. ABB Inc.'s indirect parent, ABB Ltd. publishes certain aggregate financial information on the ABB web site from time to time.

ABB+Group+Annual +Report+2012_Engli

12. Provide the business's current code of business ethics or equivalent.

ABB_Code_of_Cond uct.pdf

The Commonwealth of Massachusetts

Secretary of the Commonwealth

State House, Boston, Massachusetts 02133

William Francis Galvin
Secretary of the
Commonwealth

January 17, 2014

TO WHOM IT MAY CONCERN:

I hereby certify that according to the records of this office,

ABB INC.

a corporation organized under the laws of **Delaware** on **November 10, 1980** was qualified to do business in this Commonwealth on **December 29, 1980** pursuant to the provisions of Massachusetts General Laws.

I also certify that the corporation's certificate of authority to conduct affairs in this state was revoked under the provisions of General Laws on **November 14, 1994**.

I further certify that the corporation was reinstated to do business in the Commonwealth on **July 24, 1995** pursuant to the provisions of General Laws. I also certify that said corporation is not delinquent in filing annual reports required to date.

In testimony of which,
I have hereunto affixed the
Great Seal of the Commonwealth
on the date first above written.

William Francis Galvin

Secretary of the Commonwealth

Processed By:jbm

Prepared in reference to: MBTA

Introduction

ABB Inc. is an indirect, wholly-owned subsidiary of ABB Ltd., a Swiss Corporation headquartered in Zurich, Switzerland. ABB Ltd is a foreign issuer subject to regulation by the U.S. Securities and Exchange Commission and is a diversified power and automation products and services group with annual revenue in excess of 32 BUSD and more than 1000 subsidiary and affiliated companies operating in over 100 countries.

The response set forth below to all bid materials, certifications and questionnaires are limited to ABB Inc., and its U.S.-based ABB Divisions, subsidiaries and affiliates, as applicable. The only exception to the limitation on the scope of this explanation is in those instances where information on a non-U.S. ABB Company has been provided since it is or has been the target of an enforcement action by a U.S. government entity.

Description of Settlement with the Department of Justice

I. Background

On September 30, 2010 ABB settled anti-bribery investigations conducted by DOJ and SEC in which ABB Ltd and ABB Inc. has paid a total of $58.3 million in disgorgement, prejudgment interest and penalties to resolve charges arising from payments related to projects in Mexico and for issues with other ABB Ltd subsidiaries' involvement in the Oil for Food program.

ABB Inc. discovered the payments related to the projects in Mexico on its own, and in turn ABB Ltd. "self-reported" them to the Department of Justice and the SEC beginning in 2005.

The charges involved ABB Inc.'s Network Management business unit in Sugar Land, Texas. It did not involve any other ABB Inc. business units. The specific allegations against Network Management arise from contracts in Mexico from 1997 to 2005

The allegations against ABB Ltd. arose from certain of its subsidiaries performing contracts under the U.N. Oil for Food program in Iraq from 2000-2004.

After ABB Inc. and ABB Ltd self-reported the conduct in question, a lengthy investigation began that concluded with the settlement set out below.

II. Guilty Plea

As a result of the findings of this investigation, ABB Inc. pled guilty to one count of conspiracy to violate the anti-bribery provisions of the U.S. Foreign Corrupt Practices Act ("FCPA") and one count of violating the anti-bribery provision of the FCPA. ABB

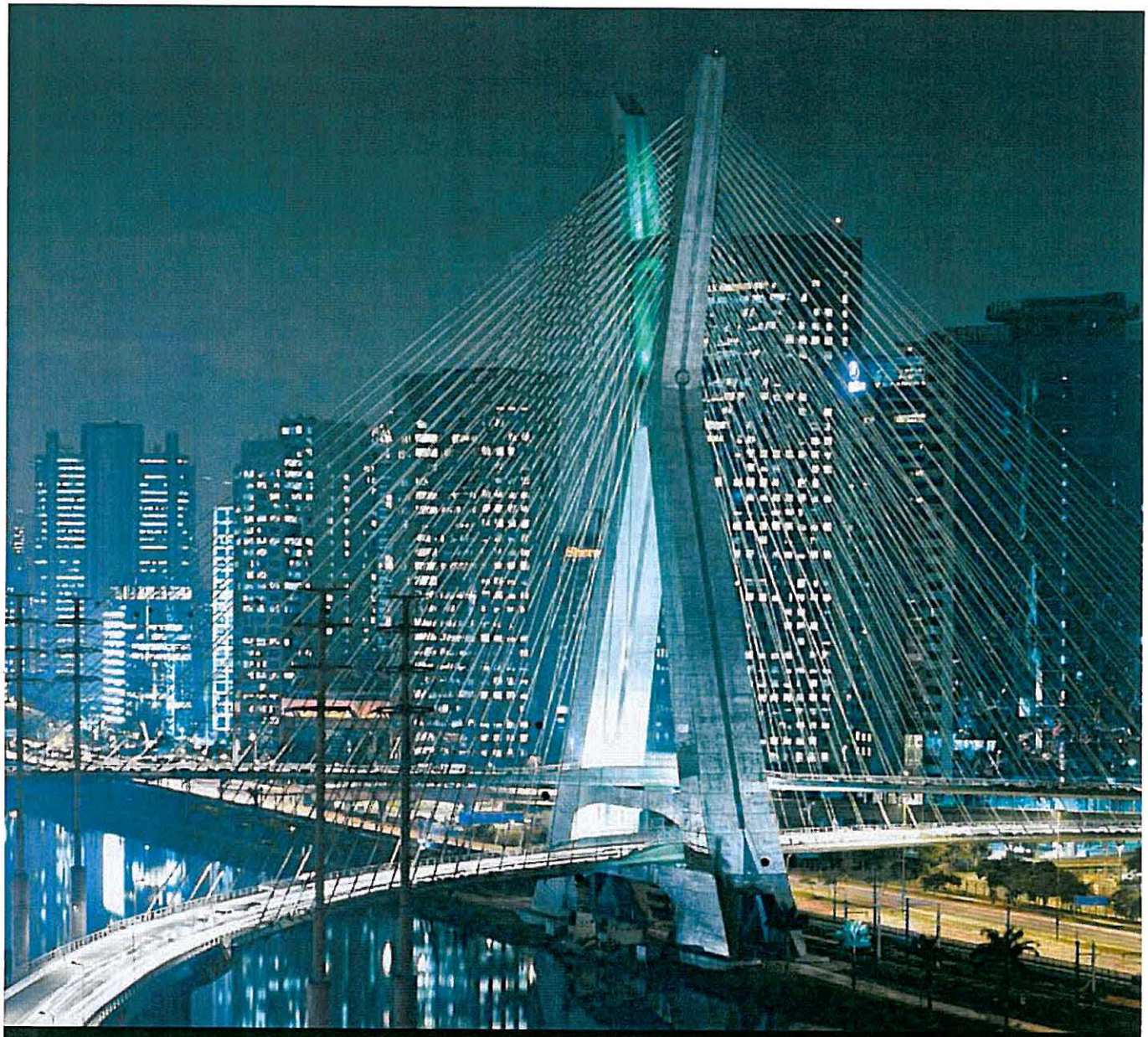
Ltd also agreed to a deferred prosecution agreement, which includes provisions related to the involvement of an ABB Ltd. subsidiary in Jordan in the Oil for Food program.

In the related SEC proceeding, ABB Ltd settled civil charges of FCPA bribery, books and records, and internal controls violations based on the conduct of the Sugar Land business unit and the conduct of certain subsidiaries participating in the Oil for Food program.

At all times, ABB cooperated fully with the DOJ and SEC. ABB also has put in place a global comprehensive compliance and integrity program, a summary of which can be provided upon request, that the DOJ has said "may become a benchmark for the industry."

In lieu of an external compliance monitor, the DOJ and SEC have agreed to allow ABB to report on its continuing compliance efforts and the results of the review of its internal processes for a three-year period going forward.

Importantly, the DOJ settlement expressly recognizes ABB's "extraordinary cooperation" and "extensive investigation" in regards to this matter. Five employees identified as having taken part in the acts alleged were either terminated or otherwise are no longer with the company.
End of Explanation

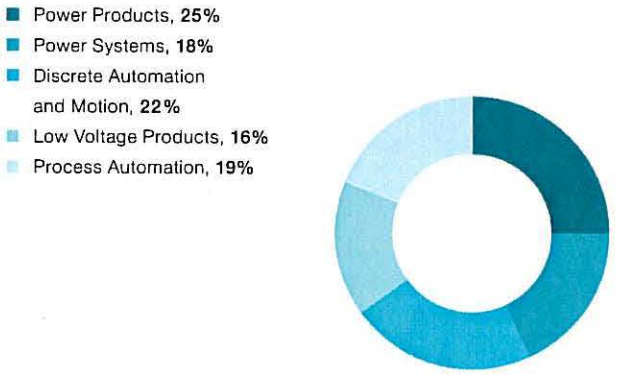


Building on our technology leadership
The ABB Group Annual Report 2012

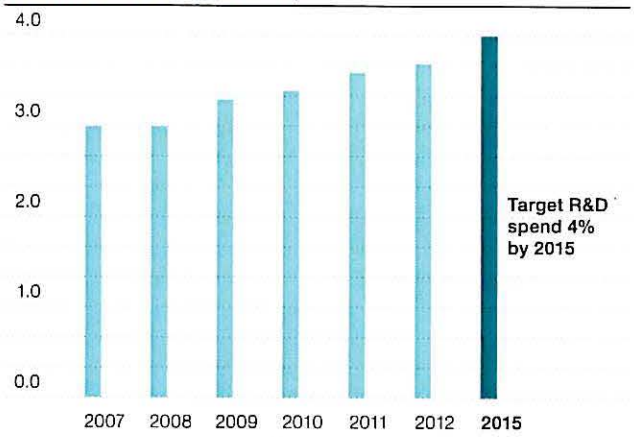
Power and productivity
for a better world™

ABB

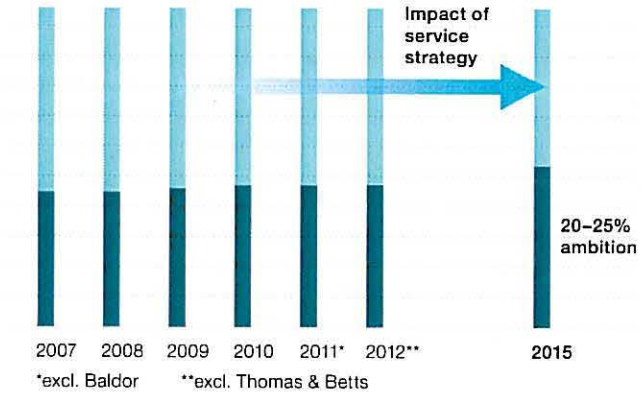
Revenues 2012 by division (unconsolidated)



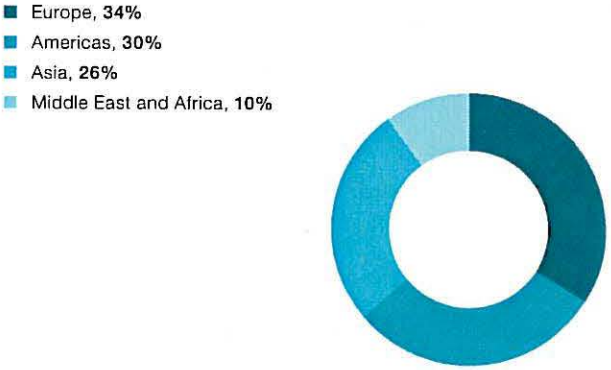
R&D expenses (% of total revenue)



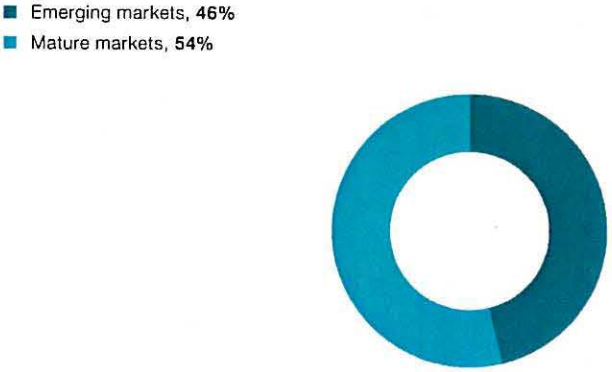
Service (% of total revenue)



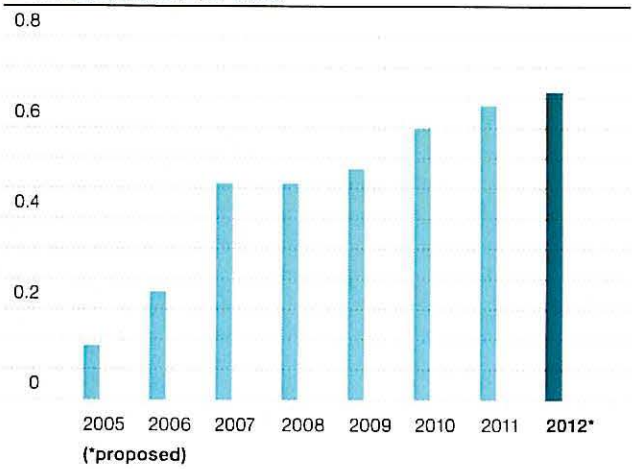
Orders 2012 by region



Emerging vs mature market orders 2012



Dividend payout (CHF per share)



Consolidated Financial Statements

Consolidated Income Statements

Year ended December 31 ($ in millions, except per share data in $)	2012	2011	2010
Sales of products	32,979	31,875	26,291
Sales of services	6,357	6,115	5,298
Total revenues	39,336	37,990	31,589
Cost of products	(23,838)	(22,649)	(18,607)
Cost of services	(4,120)	(3,907)	(3,453)
Total cost of sales	(27,958)	(26,556)	(22,060)
Gross profit	11,378	11,434	9,529
Selling, general and administrative expenses	(5,756)	(5,373)	(4,615)
Non-order related research and development expenses	(1,464)	(1,371)	(1,082)
Other income (expense), net	(100)	(23)	(14)
Earnings before interest and taxes	4,058	4,667	3,818
Interest and dividend income	73	90	95
Interest and other finance expense	(293)	(207)	(173)
Income from continuing operations before taxes	3,838	4,550	3,740
Provision for taxes	(1,030)	(1,244)	(1,018)
Income from continuing operations, net of tax	2,808	3,306	2,722
Income from discontinued operations, net of tax	4	9	10
Net income	2,812	3,315	2,732
Net income attributable to noncontrolling interests	(108)	(147)	(171)
Net income attributable to ABB	2,704	3,168	2,561
Amounts attributable to ABB shareholders:			
Income from continuing operations, net of tax	2,700	3,159	2,551
Net income	2,704	3,168	2,561
Basic earnings per share attributable to ABB shareholders:			
Income from continuing operations, net of tax	1.18	1.38	1.12
Net income	1.18	1.38	1.12
Diluted earnings per share attributable to ABB shareholders:			
Income from continuing operations, net of tax	1.18	1.38	1.11
Net income	1.18	1.38	1.12
Weighted-average number of shares outstanding (in millions) used to compute:			
Basic earnings per share attributable to ABB shareholders	2,293	2,288	2,287
Diluted earnings per share attributable to ABB shareholders	2,295	2,291	2,291

See accompanying Notes to the Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

Year ended December 31 ($ in millions)	2012	2011	2010
Net income	**2,812**	**3,315**	**2,732**
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	383	(275)	370
Available-for-sale securities:			
Net unrealized gains (losses) arising during the year	3	(3)	13
Reclassification adjustments for net (gains) losses included in net income	1	5	(15)
Unrealized gains (losses) on available-for-sale securities	4	2	(2)
Pension and other postretirement plans:			
Prior service costs arising during the year	(36)	(23)	(54)
Net actuarial gains (losses) arising during the year	(601)	(593)	124
Amortization of prior service costs included in net income	30	22	12
Amortization of net actuarial losses included in net income	70	44	62
Amortization of transition liability included in net income	–	1	1
Pension and other postretirement plan adjustments	(537)	(549)	145
Cash flow hedge derivatives:			
Net unrealized gains (losses) arising during the year	53	(19)	91
Reclassification adjustments for net (gains) losses included in net income	(28)	(61)	(19)
Unrealized gains (losses) of cash flow hedge derivatives	25	(80)	72
Total other comprehensive income (loss), net of tax	(125)	(902)	585
Total comprehensive income, net of tax	2,687	2,413	3,317
Comprehensive income attributable to noncontrolling interests, net of tax	(98)	(136)	(189)
Total comprehensive income, net of tax, attributable to ABB	2,589	2,277	3,128

See accompanying Notes to the Consolidated Financial Statements

Consolidated Balance Sheets

December 31 ($ in millions, except share data)	2012	2011
Cash and equivalents	6,875	4,819
Marketable securities and short-term investments	1,606	948
Receivables, net	11,575	10,773
Inventories, net	6,182	5,737
Prepaid expenses	311	227
Deferred taxes	869	932
Other current assets	584	351
Total current assets	28,002	23,787
Property, plant and equipment, net	5,947	4,922
Goodwill	10,226	7,269
Other intangible assets, net	3,501	2,253
Prepaid pension and other employee benefits	71	139
Investments in equity-accounted companies	213	156
Deferred taxes	334	318
Other non-current assets	776	804
Total assets	49,070	39,648
Accounts payable, trade	4,992	4,789
Billings in excess of sales	2,035	1,819
Employee and other payables	1,449	1,361
Short-term debt and current maturities of long-term debt	2,537	765
Advances from customers	1,937	1,757
Deferred taxes	270	305
Provisions for warranties	1,291	1,324
Provisions and other current liabilities	2,367	2,619
Accrued expenses	2,096	1,822
Total current liabilities	18,974	16,561
Long-term debt	7,534	3,231
Pension and other employee benefits	2,290	1,487
Deferred taxes	1,260	537
Other non-current liabilities	1,566	1,496
Total liabilities	31,624	23,312
Commitments and contingencies		
Stockholders' equity:		
Capital stock and additional paid-in capital (2,314,743,264 issued shares at December 31, 2012 and 2011)	1,691	1,621
Retained earnings	18,066	16,988
Accumulated other comprehensive loss	(2,523)	(2,408)
Treasury stock, at cost (18,793,989 and 24,332,144 shares at December 31, 2012 and 2011, respectively)	(328)	(424)
Total ABB stockholders' equity	16,906	15,777
Noncontrolling interests	540	559
Total stockholders' equity	17,446	16,336
Total liabilities and stockholders' equity	49,070	39,648

See accompanying Notes to the Consolidated Financial Statements

Consolidated Statements of Cash Flows

Year ended December 31 ($ in millions)	2012	2011	2010
Operating activities:			
Net income	2,812	3,315	2,732
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,182	995	702
Pension and other employee benefits	(13)	(49)	(51)
Deferred taxes	64	(34)	151
Net gain from sale of property, plant and equipment	(26)	(47)	(39)
Loss (income) from equity-accounted companies	(1)	(4)	(3)
Other	172	111	106
Changes in operating assets and liabilities:			
Trade receivables, net	(310)	(731)	(407)
Inventories, net	61	(600)	(264)
Trade payables	(57)	213	678
Billings in excess of sales	152	150	89
Provisions, net	(109)	(391)	(69)
Advances from customers	181	47	(25)
Other assets and liabilities, net	(329)	637	597
Net cash provided by operating activities	3,779	3,612	4,197
Investing activities:			
Purchases of marketable securities (available-for-sale)	(2,288)	(2,809)	(3,391)
Purchases of marketable securities (held-to-maturity)	–	–	(65)
Purchases of short-term investments	(67)	(142)	(2,165)
Purchases of property, plant and equipment and intangible assets	(1,293)	(1,021)	(840)
Acquisition of businesses (net of cash acquired) and changes in cost and equity investments	(3,694)	(4,020)	(1,313)
Proceeds from sales of marketable securities (available-for-sale)	1,655	3,717	807
Proceeds from maturity of marketable securities (available-for-sale)	–	483	531
Proceeds from maturity of marketable securities (held-to-maturity)	–	–	290
Proceeds from short-term investments	27	529	3,276
Other investing activities	85	10	123
Net cash used in investing activities	(5,575)	(3,253)	(2,747)
Financing activities:			
Net changes in debt with maturities of 90 days or less	570	450	52
Increase in debt	5,986	2,580	277
Repayment of debt	(1,104)	(2,576)	(497)
Purchase of shares	–	–	(228)
Delivery of shares	90	110	78
Dividends paid	(1,626)	(1,569)	–
Dividends paid in the form of nominal value reduction	–	–	(1,112)
Acquisition of noncontrolling interests	(9)	(13)	(956)
Dividends paid to noncontrolling shareholders	(121)	(157)	(193)
Other financing activities	(24)	(33)	49
Net cash provided by (used in) financing activities	3,762	(1,208)	(2,530)
Effects of exchange rate changes on cash and equivalents	90	(229)	(142)
Net change in cash and equivalents – continuing operations	2,056	(1,078)	(1,222)
Cash and equivalents, beginning of period	4,819	5,897	7,119
Cash and equivalents, end of period	6,875	4,819	5,897
Supplementary disclosure of cash flow information:			
Interest paid	189	165	94
Taxes paid	1,211	1,305	884

See accompanying Notes to the Consolidated Financial Statements

Consolidated Statements of Changes in Stockholders' Equity

Years ended December 31, 2012, 2011 and 2010 ($ in millions)	Capital stock and additional paid-in capital	Retained earnings
Balance at January 1, 2010	**3,943**	**12,828**
Comprehensive income:		
Net income		2,561
Foreign currency translation adjustments		
Effect of change in fair value of available-for-sale securities, net of tax		
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax		
Change in derivatives qualifying as cash flow hedges, net of tax		
Total comprehensive income		
Changes in noncontrolling interests	(836)	
Dividends paid to noncontrolling shareholders		
Dividends paid in the form of nominal value reduction	(1,112)	
Cancellation of shares repurchased under buyback program	(619)	
Purchase of shares		
Share-based payment arrangements	66	
Delivery of shares	13	
Call options	(1)	
Balance at December 31, 2010	1,454	15,389
Comprehensive income:		
Net income		3,168
Foreign currency translation adjustments		
Effect of change in fair value of available-for-sale securities, net of tax		
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax		
Change in derivatives qualifying as cash flow hedges, net of tax		
Total comprehensive income		
Changes in noncontrolling interests	(3)	
Dividends paid to noncontrolling shareholders		
Dividends paid		(1,569)
Share-based payment arrangements	67	
Delivery of shares	93	
Call options	(9)	
Replacement options issued in connection with acquisition	19	
Balance at December 31, 2011	1,621	16,988
Comprehensive income:		
Net income		2,704
Foreign currency translation adjustments		
Effect of change in fair value of available-for-sale securities, net of tax		
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax		
Change in derivatives qualifying as cash flow hedges, net of tax		
Total comprehensive income		
Changes in noncontrolling interests		
Dividends paid to noncontrolling shareholders		
Dividends paid		(1,626)
Share-based payment arrangements	60	
Delivery of shares	(6)	
Call options	10	
Replacement options issued in connection with acquisition	5	
Other	1	
Balance at December 31, 2012	1,691	18,066

See accompanying Notes to the Consolidated Financial Statements

Accumulated other comprehensive loss								
Foreign currency translation adjustment	Unrealized gains (losses) on available-for-sale securities	Pension and other post-retirement plan adjustments	Unrealized gains (losses) of cash flow hedge derivatives	**Total accumulated other comprehensive loss**	Treasury stock	**Total ABB stockholders' equity**	Non-controlling interests	**Total stockholders' equity**
(1,056)	**20**	**(1,068)**	**20**	**(2,084)**	**(897)**	**13,790**	**683**	**14,473**
						2,561	171	**2,732**
349				**349**		**349**	21	**370**
	(2)			**(2)**		**(2)**		**(2)**
		148		**148**		**148**	(3)	**145**
			72	**72**		**72**		**72**
						3,128	**189**	**3,317**
						(836)	(110)	**(946)**
						—	(189)	**(189)**
						(1,112)		**(1,112)**
					619	**—**		**—**
					(228)	**(228)**		**(228)**
						66		**66**
					65	**78**		**78**
						(1)		**(1)**
(707)	18	(920)	92	(1,517)	(441)	14,885	573	15,458
						3,168	147	**3,315**
(261)				**(261)**		**(261)**	(14)	**(275)**
	2			**2**		**2**		**2**
		(552)		**(552)**		**(552)**	3	**(549)**
			(80)	**(80)**		**(80)**		**(80)**
						2,277	**136**	**2,413**
						(3)	7	**4**
						—	(157)	**(157)**
						(1,569)		**(1,569)**
						67		**67**
					17	**110**		**110**
						(9)		**(9)**
						19		**19**
(968)	20	(1,472)	12	(2,408)	(424)	15,777	559	16,336
						2,704	108	**2,812**
388				**388**		**388**	(5)	**383**
	4			**4**		**4**		**4**
		(532)		**(532)**		**(532)**	(5)	**(537)**
			25	**25**		**25**		**25**
						2,589	**98**	**2,687**
						—	6	**6**
						—	(123)	**(123)**
						(1,626)		**(1,626)**
						60		**60**
					96	**90**		**90**
						10		**10**
						5		**5**
						1		**1**
(580)	24	(2,004)	37	(2,523)	(328)	16,906	540	17,446

Code of Conduct

Power and productivity
for a better world™

ABB Code of Conduct

Why we have a Code of Conduct 4

Determination – How we help our customers to succeed 6
Quality and performance 7
Trust and integrity 7
Fair competition 7
Improper payments 8
Gifts and entertainment 9

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Use of company assets 11
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Property rights of others 12
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Why do we need a Code of Conduct?

Why do we need a code of conduct?

ABB is a global leader in power and automation technologies. Our company in its current form was created in 1988, but our history spans over 120 years. Since our inception, our reputation has been built on certain qualities and values, one of the most important of which is integrity.

A culture of integrity is a prerequisite for a world-class business. Many valuable customers choose to do business with us in part because they know ABB behaves in a responsible and ethical way, and that we respect the needs of individuals, society, and the environment.

The Code of Conduct defines how we conduct ourselves at ABB, and it has played a critical role in helping us earn our reputation. Every ABB employee, in every location, and at every level, including board members, directors, and officers alike, is bound to live up to the letter and the spirit of the Code even if it means losing an important contract or missing a business target.

The Code of Conduct is more than an acknowledgment of the rules. It reflects a personal commitment to take responsibility for our actions and always to work with integrity.

At ABB, performance is measured not only by the results achieved, but also how these results were achieved. This is why our stakeholders can rely on the fact that our services, operations, and daily business are based on ethical behavior.

ABB strives for a culture of mutual respect that encourages the exchange of views at all levels of the organization. By fostering open dialogue and playing an active role in our community, every ABB employee can make a difference.

ABB's strength and future success depends on its reputation as a trusted and reliable business partner. We all have a role to play in safeguarding that reputation. If you are ever in doubt about how to behave in any situation, please ask your manager, human resources representative, ombudsperson, or local integrity officer for guidance. Confidentiality and non-retaliation are our commitments to you.

I expect that you will take the time to read through the Code of Conduct and do your part to exemplify our high standard of integrity at ABB.

Ulrich Spiesshofer
CEO
ABB Ltd

ABB
ABB

Determination
We show determination when we help our customers to succeed

The success of our customers is key to ABB's success. Customers look to ABB for innovation, reliability and integrity. The standards of behavior required in our client relationships are designed to ensure that we consistently deliver those values and avoid mistakes that will harm our reputation.

We focus on quality

We strive to help our customers gain competitive advantage by adding value through the performance and quality of our power and automation technologies and services.

We win trust by being honest

Trust is built through transparency and honesty. To be successful on a sustainable basis, we have to build each customer's trust through the integrity of our words and actions. We don't promise what we can't deliver and strive to ensure that customers, shareholders and colleagues trust us to keep our word.

We compete fairly

We believe in a competitive, free enterprise system because it guarantees that our hard work and innovation will be rewarded. We will lose the trust of our customers if we treat them differently from one another or conspire with competitors against them.

This system, as the basis of a free market economy, is protected and promoted by competition law. Consequently, our actions must always comply with all applicable antitrust and other laws regulating competition. While these laws vary from country to country, the ABB minimum standard can be defined as follows:

– We compete openly and independently in every market. We do not make any agreements – formal or otherwise – with competitors to fix or set prices or allocate products, markets, territories or customers.

– We do not obtain or share with competitors current or future information about price, profit margins or costs, bids, market share, distribution practices, terms of sales, specific customers or vendors.

– We do not agree with or require a customer to resell our products at certain prices.

– We do not act in a manner that unfairly favors or benefits one customer over another competing customer.

Be mindful of the antitrust risks presented by trade and professional association meetings. As an ABB employee you are required to:

– Attend only meetings of legitimate trade and professional associations held for proper business, scientific, or professional purposes.

– Discuss any questionable agenda items with your supervisor or with a member of ABB's legal and integrity function (Group Function – Legal & Integrity) before you attend the meeting.

– Leave the meeting and promptly advise your supervisor or Group Function – Legal & Integrity, if you observe any activity at an association meeting that appears to be illegal or suspicious.

If you have any questions regarding compliance with antitrust laws, contact Group Function – Legal & Integrity immediately.

We refuse to make improper payments

ABB's reputation for honesty and integrity must not be put at risk by the offer of improper payments. In dealing with public officials, political parties or their officials or any private sector worker, ABB employees must neither offer, promise or give any undue financial or other advantage, whether directly or through intermediaries, to obtain or retain business or any improper advantage in the conduct of business.

We protect our credibility by shunning gifts and favors

Accepting gifts and entertainment from business partners or offering such favors undermine our credibility. It makes ABB vulnerable to accusations that business decisions are influenced by factors others than merit.

Employees must therefore not offer, make, seek or accept gifts, payment, entertainment or services to or from actual or potential business partners which might reasonably be believed to influence business transactions, which are not within the bounds of customary business hospitality or which are prohibited by applicable law.

KAISERS

Responsibility
We show responsibility when we safeguard the company's assets

We are all part of the ABB team. Show respect and support for your colleagues and their aspirations by caring for the environment you and they work in, the information systems, equipment and other facilities needed for each of us to do the best possible job. Helping each other to succeed also hinges on how we handle positions of authority, access to privileged information and potential conflicts of interest.

We are respectful of the company's assets

ABB strives to give employees the tools they need – equipment and information – to be effective. ABB's physical assets, intellectual property rights and information must be handled with care to avoid loss, theft or damage. Information assets include organizational charts, technologies and processes, manufacturing methods, as well as marketing, advertising, and business development studies and plans.

Company assets are intended to be used for business purposes. Limited personal use is only permissible if it is not in conflict with the interests of ABB, this Code of Conduct or ABB's rules and policies.

We use information systems professionally

ABB's information systems are there to help us work efficiently and professionally. Generally, such systems should be used only for business purposes, in a manner that does not violate the rights or interests of the ABB Group, and in line with rules issued by the ABB Group.

Remember that any communication via e-mail could be regarded as a statement of ABB. Therefore, employees must be careful not to release information that is commercially sensitive or contentious or may have undesired contractual or other legal implications for ABB.

All laws governing copyright, defamation, discrimination and other forms of written communication also apply to online and e-mail communication. Unauthorized or unlicensed software must not be placed onto ABB's information systems facilities.

ABB's information systems facilities must not be used to attack the integrity of ABB's or third parties' networks or data. This includes originating or forwarding chain letters or unsolicited commercial e-mail (spam).

Information produced and stored on ABB's information systems facilities is regarded as ABB's property and ABB reserves the right to access all such information except where limited by law or agreement. Employees are responsible for keeping their electronic files and archives in an orderly manner.

We safeguard confidential information

Information is an asset. We share some of it in press releases, product information, the annual report and other public documents. Any other information that comes to employees in connection with their work, whatever the source, must be kept confidential to prevent others copying our work or poaching customers. It may also include information that suppliers, customers or partners may have entrusted to ABB.

Mark information appropriately, keep it secure and limit access to those who need to know in order to do their jobs. Avoid discussing information in areas where you may be overheard, such as airports, public transport, restaurants and bars, elevators, restrooms and cafeterias.

Information is so valuable that it may be appropriate to ask any outside party given access to confidential information to sign a confidentiality statement approved by Group Function – Legal & Integrity.

We respect the intellectual property rights of others

ABB protects its own secrets and respects the intellectual property rights of others. Employees must not obtain confidential information of other parties by improper means or disclose it without authorization.

We avoid and manage conflicts of interest

Conflicts of interest can arise where personal interests or family and other allegiances are at odds with the interests of the company. We can avoid conflicts of interests if we are aware of the challenge and take the necessary action. In general, we should avoid situations in which personal interests, outside activities, financial interests, or relationships conflict or appear to conflict with the interests of ABB and not allow business dealings on behalf of the company to be influenced by personal considerations or relationships.

The most frequent conflicts of interest arise where an employee is in a position to award business contracts, hire staff, has access to information that may be of interest to the financial markets or is offered employment by a competitor. Here are some examples of potential conflicts of interest.

- Outside employment: participating in a position similar to the job at ABB that may conflict with the performance of the job at ABB, or working with an actual or potential competitor, supplier or customer of ABB.
- Family members and close personal relationships: contracting with a business managed or owned by a family member or unmarried partner.
- Investments: acquiring an interest in property or companies which ABB may have an interest in purchasing.
- Board memberships: acting as or accepting a position as an officer, consultant or director of any business or organization involved in the power and automation technologies industry or involved with ABB (such as a partner, supplier, or customer).
- Significant ownership interests: owning certain amounts of other companies that do or seek to do business with ABB or which are competitors.

Employees who think they may be in a “conflict” must inform their line manager or human resources representative so that the company can determine whether a conflict exists. They will be advised of the proper actions to take, in line with the rules issued by ABB Group.

We protect privileged information

Inside information is information not readily available to the public that an investor would consider important in deciding whether to buy or sell a company's securities. It can be information affecting securities of ABB or of another company.

Because inside information may have considerable value to investors, it is governed by legislation designed to preserve public confidence in and the integrity of the securities markets in many countries. ABB has also entered into agreements regarding disclosure of information with stock exchanges on which ABB shares are listed.

ABB has strict routines and guidelines for the dissemination of such information, which includes financial data, plans for the future of the business and changes to key personnel. The laws and agreements with stock exchanges prohibit anyone with inside knowledge from trading the securities or disclosing the information. If employees are unsure whether they have "inside" information, they should contact their supervisor or a representative of Group Function – Legal & Integrity to discuss the situation.

Trading securities such as shares or bonds while in the possession of insider information is both unethical and illegal, and will be dealt with decisively. It is not permitted to share inside information with ABB employees unless they need to know and are aware of their obligations in handling the information. It is against the law to "tip" or share information with others, including a co-worker, family member or friend, who might make an investment decision based on inside information.

We comply with anti-money laundering rules

ABB commitment to fairness, honesty and openness extends to complying fully with all money-laundering laws throughout the world. Money laundering generally occurs when funds from illegitimate sources are brought into legitimate financial channels to hide them or make them appear legitimate.

Employees must protect the integrity and reputation of ABB by helping to detect possible money laundering activities. They should learn to watch for warning signs, which may include customers who are reluctant to provide complete information or wish to make payments in cash.

We keep accurate and complete financial records

Investors, creditors and others have a legitimate interest in ABB's accounts. The integrity of the accounts depends on the accuracy, completeness and timeliness of the entries. All ABB business transactions must therefore be fully and fairly recorded in accordance with ABB's accounting principles and other appropriate requirements. Improper or fraudulent documentation or reporting is illegal.

We act with integrity in handling corporate opportunities

We respect the company's assets and don't seek to take personal opportunities or personal gain discovered through the use of ABB property, information or position.

Responsibility
We show responsibility when we choose business partners with care

How ABB does business is crucial to its reputation and success and business partners should be seen as allies. In this section, there are guidelines on the appropriate conduct towards suppliers, agents and consultants, among others. The standards in place at a joint venture should also be compatible with those of ABB.

We are fair in our relations with suppliers

ABB expects fair competition in its markets and applies the same standard in dealing with suppliers. If you select and/or deal with suppliers, you should not show any favor or preference to any person or business based on anything other than the best interests of ABB. You must not let your business dealings on behalf of the company be influenced by personal or family interests.

Similarly, all purchases of goods and services for ABB must be made in accordance with company policies.

We collaborate with agents and consultants

Commissions or fees paid to agents and consultants must be reasonable in relation to the services provided. Employees must not agree or pay commissions or fees that could be considered to be improper payments.

Agreements with consultants, brokers, sponsors, agents or other intermediaries shall not be used to channel payments to any person or persons, including public officials or customer employees.

We build ties with subcontractors who act like us

We rely on subcontractors to help us execute some projects and value the contribution they make to ABB's customer relationships and to the company's reputation. To protect and enhance ABB's reputation, we choose subcontractors who will act in a manner consistent with this Code of Conduct.

We team up with like-minded partners for joint ventures and alliances

ABB's strength and success also depends on building long-lasting relationships with partners that share our commitment to ethical business principles. The standards of any joint ventures should be compatible with ABB's.

We extend standards of openness to lenders and export credit agencies

ABB will disclose all relevant material facts for obtaining financing from an export credit agency or other governmental lenders. It is also company policy to disclose all material facts that would be responsive to any prospective lender's analysis. Certificates issued by ABB as an export credit agency supplier or exporter must be signed in accordance with ABB's integrity regulations and standards.

Responsibility

We show responsibility when we observe the highest ethical standards in our interaction with government

ABB interacts with different groups of stakeholders including customers, suppliers, shareholders, the media, non-governmental organizations and local officials. The interaction of employees with governments around the world is of particular importance. In this section, guidelines are set out on working with officials and when, if at all, political contributions are allowed.

We cooperate fully with officials

ABB does business in about 100 countries and values good relations with governments. National and local governments around the world have specific and varied procurement laws to protect the public interest. They generally prohibit offering benefits to individual officials and often include limitations on hiring current or recently retired officials. Any conduct that may be viewed as improperly influencing objective decision-making is forbidden.

ABB employees must be truthful and accurate in interactions with government officials and observe the highest ethical standards when conducting business with government representatives.

In dealing with a government, employees are responsible for knowing and complying with applicable laws and regulations, and must not contact government officials on behalf of the company unless it is their job.

We let employees contribute to public affairs in their own time

Employees are free to contribute (without company reimbursement) to a political candidate or party using their own personal time, money or other resources.

ABB funds, property or services must not be used to support any candidate for political office, political party, official or committee anywhere in the world. Any exceptions to this rule must be cleared in advance with Group Function – Legal & Integrity.

Respect
We show respect for each other when we help each other to succeed

The people who work at ABB come from many different countries, backgrounds and cultures. We can only appreciate the contribution of each individual if we observe normal standards of courtesy and respect when interacting with one another. ABB will also be judged by outsiders according to the way they are treated in their business dealings with the company. Clear and regular communications, diversity, equality of opportunity and upholding health and safety are essential to fostering a work environment in which everyone will feel welcome and comfortable.

We foster regular and open communication

Regular communication between managers and their teams is key to business success. This communication, which usually takes the form of meetings and briefings, should cover business strategy, long-term objectives and short-term priorities. Complemented by support from ABB Group in the form of newsletters, Web sites, training, presentations, etc., communication between employees and their superior should include making clear how employees are contributing to ABB's business goals.

Employees have a right to receive their superior's assessment of their performance, which is expected to ascertain progress and, where appropriate, to include proposed plans for further development.

We value mutual respect and privacy

The privacy of personal information – whether from employees, customers, contractors or vendors – is to be respected at all times. Employees must collect, use, store, handle, and disclose individual personal information in accordance with the ABB privacy policies and applicable laws. Employees may, however, not claim any privacy privileges for communications transacted through the ABB facilities, beyond those provided by local legislation.

Subject to local legislation, ABB is authorized to supervise the use of e-mail and the Internet. All e-mail and Internet communications made through ABB facilities are treated as ABB business information and so may be accessed, retrieved, monitored and disclosed by ABB.

We celebrate diversity

ABB views diversity as an asset. Dozens of different businesses in countries around the world have come together over the years under the ABB umbrella and ABB's culture welcomes them all, regardless of gender, nationality, age or physical ability, or any other aspect of diversity. Employees must conduct their business activities with co-workers, customers, stakeholders and business partners with respect for all people without regard to differences or similarities.

ABB hires and promotes people based on their abilities. Employees should not engage in or support discrimination in hiring, compensation, access to training, promotion, termination or retirement based on gender, age, ethnic and national origin, caste, religion, disability, sexual orientation, union membership or political affiliation.

We work to create an environment free of harassment

Employees won't feel welcome and comfortable at ABB if they, their co-workers or anyone who has business dealings with ABB faces harassment. Harassment – be it face-to-face, written, electronic or verbal – won't be tolerated.

Harassment can take many forms. People may feel harassed by slurs, intimidating or aggressive acts or words, by derogatory jokes or inappropriate gestures or by unwelcome physical or verbal conduct. Harassment can also be the communication or display of off ensive material linked to any of the aspects of diversity mentioned above, such as gender, religion, race, nationality, sexual orientation or physical ability.

We set the highest health and safety standards

It is our duty to our colleagues, their families and their communities to safeguard the health and safety of every employee at work. ABB's stringent health and safety policies and reporting requirements are in place to protect the lives and good health of employees.

ABB's ground rules for employees are: work safely and protect yourself, your co-workers, the community and the environment. The policies, procedures and programs apply worldwide to promote safe and healthy working conditions, protect the environment, and support the Group's commitment to compliance with applicable laws and regulations.

You should know and comply with the law and related company policies if you have responsibilities in areas that are subject to safety and/or environmental regulations.

It is also imperative to report dangerous conditions and other unacceptable health, safety or environmental conditions immediately so that workplace accidents are minimized and corrective actions can be taken.

Respect
We show respect when we acknowledge our wider social responsibilities

We at ABB pride ourselves in being “at home” in the communities in which we operate. Observance of the rule of law is a basic underpinning of our license to operate.

In this section, we look at what ABB can expect from employees in areas ranging from compliance with the law to protection of the environment. Promoting a sustainable approach to business, both in the way in which we operate and the technologies we provide, are key elements of good corporate citizenship, of being “at home” globally.

We respect the law

Upholding ABB’s reputation for integrity requires absolute compliance with the law for ABB and all employees. Employees are expected to be familiar with the law as it applies to their job and management is expected to provide necessary instruction and advice.

For example, ABB is strongly committed to non-discriminatory and fair standards, to the protection of the environment and to the health and safety of employees.

ABB expects employees to comply with all laws designed to protect health, safety and the environment, to obtain all required permits and to operate facilities in strict accordance with the relevant laws.

Due to the complex regulatory framework within which ABB conducts business, issues of legal compliance may arise. On occasion, there may be disagreement on whether ABB is in full compliance with the law and litigation may occur. At all times, ABB will act responsibly and abide by the final decisions rendered by the courts.

Issues of compliance with the requirements of governmental agencies may also arise. It is important for ABB management to be informed of any such issues at an early date.

Employees have a responsibility to inform management immediately if there is any indication that such an issue may exist.

We promote sustainable development

Every ABB employee contributes to achieving the company's sustainability goals by supporting economic progress, environmental stewardship and social development. One aspect involves taking appropriate initiatives that improve the quality of life in the communities and countries where ABB operates.

Sustainability means that ABB treats all stakeholders in a socially responsible manner. Employees can contribute by promoting open dialogue with stakeholders on ABB's economic, social and environmental contributions and performance.

To do so, employees should familiarize themselves with ABB's policy on sustainability, and its economic, environmental and social requirements.

We support environmental responsibility

All ABB employees have the responsibility to comply with the letter and the spirit of environmental laws and regulations and respect the environment, wherever they work.

We are active members of our communities

Just as ABB, on a corporate level, strives to exercise citizenship by reaching out to the wider community – through specific projects, charitable donations and practical support for worthy initiatives – the company also encourages individual employees to make an active civic contribution.

Reporting non-compliance

ABB is a decentralized group and ABB companies are expected to make their own independent decisions on various business issues.

However, the standards addressed in this Code of Conduct represent the core of ABB's group culture and commitment. Group-wide and uniform compliance is essential and every employee is responsible for upholding these principles.

All employees are required to report any suspected or observed violations of the law, of this Code of Conduct or of company policies – or if they are asked to do something that might be a violation. Reports may be made to your supervisor, a representative from Group Function – Legal & Integrity, your local or regional integrity officer, the chief integrity officer or the ABB Business Ethics Hotline.

Employees may report possible violations anonymously by using the Business Ethics Hotline or by sending an e-mail to the chief integrity officer at ethics.contact@ch.abb.com, using an outside e-mail account that does not reveal their name (there are many free services such as Yahoo, Gmail, Hotmail, etc.). Employees must be aware, however, that anonymous reports may be more difficult to investigate.

Confidentiality will be maintained to the fullest extent possible. Retaliation against any employee who in good faith reports a concern to the company about illegal or unethical conduct will not be tolerated and be subject to disciplinary action. The same applies

Employees who have questions about a specific situation should ask for help by using any of the aforementioned contacts. The key is to speak up and bring concerns into the open so that problems can be resolved quickly before serious harm can occur.

It is also a breach of this Code of Conduct to fail to report a violation or suspected violation that employees know about or to refuse to cooperate with the investigation of a suspected violation.

Penalties for violation

Each employee is responsible for ensuring that his or her conduct and the conduct of anyone reporting to the employee fully comply with the applicable laws, this Code of Conduct and the company policies. Compliance and integrity, both personal and

ABB applies “zero tolerance” and will take disciplinary action, up to and including termination of employment, against employees who violate the law, this Code of Conduct or company policies.

ANSALDO STS USA, INC.

SECTION B
PART B TECHNICAL PROPOSAL AND STATEMENTS AND CERTIFICATIONS REGARDING ELIGIBILITY

QUALIFICATIONS AND CERTIFICATIONS

NOTE: The Authority reserves the right to audit compliance with respect to each of the required statements and certifications in the forms submitted by Offerors, including but not limited to the Domestic U.S. Content Certification, Domestic U.S. Content Worksheet, and Final Assembly of Production (Non-Pilot) Vehicles in Massachusetts.

Questions Concerning Eligibility | See attached pages for responses. |

Provide short answers (and attach relevant documents) to the following questions and requests:

1. Attach relevant Certificate of Good Standing from the Secretary of State of the Commonwealth of Massachusetts.

2. Provide the names and telephone numbers of all business owners, shareholders if not a publicly held corporation, and/or members if a limited liability company.

3. Provide the names, title and telephone numbers of all officers.

4. Has the business or an owner or shareholder of the business ever had a prior contractual relationship with the MBTA? If yes, please describe relationship.

5. Has the business or an owner or shareholder of the business ever been in default of any obligations under a contract with the MBTA, any other Massachusetts state agency or any federal agency? If yes, please describe the circumstances. Please indicate whether it resulted in a termination for cause.

6. Have any of the business owners, shareholders, or officers every been convicted of felony violations of Federal, state or local laws? If yes, please describe the circumstances.

7. Are there any pending recent law suits against the business or any of its owners or shareholders? If yes, please describe the circumstances.

8. Provide the name, address, account number, contact person and telephone number of the insurance agent responsible for procuring insurance required by the Solicitation Documents.

9. Provide the name, address, contact person and telephone of three business credit references, including but not limited to your primary banking institution.

10. Has the business or any of the business's owners or shareholders ever filed for bankruptcy or invoked insolvency proceedings under state law?

11. Provide the last three (3) years of audited financial statements, or reasonable equivalent of the Offeror. If the Offeror is a joint venture or other combination of business entities, provide the last three (3) years audited financial statements for each entity.

12. Provide the business's current code of business ethics or equivalent.

See attached pages for responses.

Ansaldo STS USA: Qualifications and Certifications Responses

1. *Attach relevant Certificate of Good Standing from the Secretary of State of the Commonwealth of Massachusetts.*

   Refer to attachments.

2. *Provide the names and telephone numbers of all business owners, shareholders if not a publicly held corporation, and/or members if a limited liability company.*

   Finmeccanica S.p.A. (40% shareholder): Piazza Monte Grappa, 4, Rome, 00195, Italy (Phone: +39 06.324731)

   Norges Bank (2.045% Share): P.O. Box 1179 Sentrum, 0107 Oslo, Norway (Phone: + 47 22 31 60 00)

   Columbia Wanger Asset Management LLC (2.081% share): 227 West Monroe Street, Chicago Il 60606 (Phone: 888-244-5674)

   Altrinsic Global Advisors LLC (2.092 % share): Sound Shore Dr # 1, Greenwich, CT 06830-7254 (Phone: 203-661-0030)

   (All other shareholders own less than 1%.)

3. *Provide the names, title and telephone numbers of all officers.*

   Thomas P. Lawton III, President & CEO, 412-688-2400
   Joseph R. Pozza, Vice President – Administration & Finance (412-688-2400)
   Jason G. White, Vice President – Sales & Business Development (412-688-2400)
   Roberto Passalacqua, Vice President – Delivery (412-688-2400)
   Raphael Ferreira, Vice-President – Human Resources (412-688-2400)
   Michael F. O'Connell, Secretary (412-688-2400)

4. *Has the business or an owner or shareholder of the business ever had a prior contractual relationship with the MBTA? If yes, please describe relationship.*

   Not directly. For all prior MBTA contracts, Union Switch & Signal and Ansaldo STS USA have served as a subcontractor to a Prime Contractor awarded these contracts.

5. *Has the business or an owner or shareholder of the business ever been in default of any obligations under a contract with the MBTA, any other Massachusetts state agency or any federal agency? If yes, please describe the circumstances. Please indicate whether it resulted in a termination for cause.*

   No

6. *Have any of the business owners, shareholders, or officers ever been convicted of felony violations of Federal, state or local laws? If yes, please describe the circumstances.*

   No

7. *Are there any pending recent law suits against the business or any of its owners or shareholders? If yes, please describe the circumstances.*

   No

8. *Provide the name, address, account number, contact person and telephone number of the insurance agent responsible for procuring insurance required by the Solicitation Documents.*

Willis of Pennsylvania, Inc.
Four Gateway Center
Suite 505
404 Liberty Ave.
Pittsburgh, PA 15222
Contact: Mary Gallagher
Phone: 412-586-1400
Account Number: Confidential/not available

9. *Provide the name, address, contact person and telephone of three business credit references, including but not limited to your primary banking institution.*

Primary Banking Institution:
J.P. Morgan Chase
50 South Main St.
2nd Floor, OH2-5164
Akron, OH 44308
Contact: John M. Batcho
Phone: 330-972-1815

Credit Reference 1*:
Finmeccanica S.p.A.
Piazza Monte Grappa, 4
Rome, 00195, Italy
Contact: Raffaella Luglini
Phone: +39 06.324731

Credit Reference 2*:
Ansaldo STS S.p.A.
Via Paolo Mantovani
3-5 Fiumara
16151 Genova, Italy
Contact: Roberto Corsanego
Phone: +39 010 655 2076

*Note: No other potential credit reference organizations outside of Ansaldo STS USA corporate family employed, therefore are not available.

10. *Has the business or any of the business's owners or shareholders ever filed for bankruptcy or invoked insolvency proceedings under state law?*

No

11. *Provide the last three (3) years of audited financial statements, or reasonable equivalent of the Offeror. If the Offeror is a joint venture or other combination of business entities, provide the last three (3) years audited financial statements for each entity.*

Refer to attachments for consolidated financial statements.

12. *Provide the business's current code of business ethics or equivalent.*

Refer to attachments.

The Commonwealth of Massachusetts

Secretary of the Commonwealth

State House, Boston, Massachusetts 02133

William Francis Galvin
Secretary of the Commonwealth

January 8, 2014

TO WHOM IT MAY CONCERN:

I hereby certify that according to the records of this office,

UNION SWITCH & SIGNAL INC.

a corporation organized under the laws of **Delaware** on **November 13, 1996** was qualified to do business in this Commonwealth on **December 13, 1996** pursuant to the provisions of Massachusetts General Laws.

I also certify that the corporation's certificate of authority to conduct affairs in this state was revoked under the provisions of General Laws on **March 31, 2008**.

I further certify that the corporation was reinstated to do business in the Commonwealth on **September 20, 2012** pursuant to the provisions of General Laws. I also certify that said corporation is not delinquent in filing annual reports required to date.

In testimony of which,
I have hereunto affixed the
Great Seal of the Commonwealth
on the date first above written.

William Francis Galvin

Secretary of the Commonwealth

Processed By:tpg

WE BELIEVE IN A SUSTAINABLE FUTURE

ANNUAL REPORT
2012

SUSTAINABILITY REPORT
IN INSIDE BACK COVER

Ansaldo STS
A Finmeccanica Company

Welcome to Ansaldo STS

A company limited by shares, listed since 2006, leader in signalling and rail and subway transport systems, through its *Signalling* and *Transportation Solutions* Business Units, operating in over 30 countries worldwide.

Highlights 2012

(IAS *compliant* amounts in EUR million)

Orders

Order-book

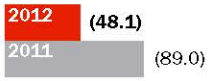
Revenues

EBIT

ROS

Net Profit

Net Working Capital



Net Cash

Analysis of the Income Statement, the Balance Sheet and the Financial Position

Consolidated profit for 2012 totalled €75,696 thousand, compared to €73,056 thousand in 2011.

Revenue came to €1,247,849 thousand, up €35,905 thousand over the previous year (€1,211,944 thousand).

The increase is largely due to the *Transportation Solutions* Business Unit for works carried out under the master agreement with Rio Tinto (RAFA).

The ***Signalling*** **Business Unit** recognised revenue of €725,588 thousand, including amounts with other business segments, substantially in line (down €2,787 thousand) with the previous year (€728,375 thousand).

The ***Transportation Solutions*** **Business Unit** recognised revenue of €564,853, up €52,586 thousand over the previous year (€512,267 thousand). This figure also includes amounts with other business segments.

Compared to 2011, eliminations between the two Business Units were up €13,894 thousand.

Operating profit (EBIT) came to €117,073 thousand, up €953 thousand over 2011 (€116,120 thousand).

ROS was 9.4%, compared to 9.6% in the previous year, including additional non-recurring expense, especially in relation to restructuring.

Specifically:
- the *Signalling* Business Unit recognised operating profit of €62,530 thousand, compared to €75,079 thousand, with a €12,549 thousand decrease due to the different mix and profitability of the projects in the two years;
- the *Transportation Solutions* Business Unit recognised operating profit of €69,130 thousand, up €14,121 thousand on the previous year (€55,009 thousand), due to greater volumes and the different mix and profitability of the contracts in the two years.

Net invested capital totalled €167,184 thousand, compared to €134,462 thousand in 2011.
The €32,722 thousand increase is due to the €8,162 thousand decrease in non-current items and the €40,884 thousand increase in net working capital.
The change in working capital is due to the joint effect of increased work in progress and trade receivables, only partly offset by the increase in trade payables and progress payments and advances from customers.

The **Group's net financial position** (loan assets and cash and cash equivalents greater than loans and borrowings) was €301,982 thousand, compared to €289,674 thousand at 31 December 2011 (up €12,308 thousand), after the €28,000 thousand dividend payment (€33,592 thousand in 2011). It includes the €70,643 thousand advance received from the Russian customer, Zarubezhstroytechnology ("ZST"), for the project for the development of signalling, automation, telecommunication, power supply, security and ticketing systems on the Sirth to Benghazi section in Libya.

Link

"Ansaldo STS creates economic value and distributes it to its stakeholders, who have contributed to its production."
> Please see page 55 of the 2012 Sustainability Report for further information

"Ansaldo STS enters into reciprocally beneficial relationships with society through: relations with institutions, research projects conducted with domestic and EC public entities, trade associations, partnerships with universities, media relations and community relations. It takes part in charity campaigns and finances humanitarian, environmental and cultural initiatives."
> Please see pages 123-133 of the 2012 Sustainability Report for further information

Income Statement

(€ 000)	31.12.2012	31.12.2011
Revenue	**1,247,849**	**1,211,944**
Purchases and personnel expense (*)	(1,122,374)	(1,075,627)
Amortisation, depreciation and impairment losses	(20,768)	(13,410)
Other net operating income (expense) (**)	17,922	(533)
Change in work-in-progress, semi-finished products and finished goods	897	(3,915)
Adjusted EBIT	**123,526**	**118,459**
Restructuring costs	(6,453)	(2,339)
Operating profit (EBIT)	**117,073**	**116,120**
Net financial expense	(2,956)	(768)
Income taxes	(38,421)	(42,296)
Profit for the year	**75,696**	**73,056**
attributable to the owners of the Parent	*75,665*	*72,956*
attributable to non-controlling interests	*31*	*100*
Earnings per share		
Basic and diluted	0.51	0.48[1]

1. Recalculated following the bonus issue of 9 July 2012

Notes to the reconciliation between the reclassified income statement and the income statement included in the consolidated financial statements:
(*) Includes the captions "Purchases", "Services", "Personnel expense" and "Accrual to (use of) the provision for expected losses to complete contracts" (net of "Restructuring costs"), and net of "Internal work capitalised".
(**) Includes the net amount of "Other operating income" and "Other operating expense" (net of restructuring costs and impairment losses and Accrual to (use of) the provision for expected losses to complete contracts).

Statement of financial position

(€ 000)	31.12.2012	31.12.2011
Non-current assets	264,996	270,047
Non-current liabilities	(49,665)	(46,554)
	215,331	**223,493**
Inventories	131,584	129,936
Contract work in progress	313,096	283,302
Trade receivables	748,747	680,069
Trade payables	(500,563)	(431,851)
Progress payments and advances from customers	(710,720)	(706,735)
Working capital	**(17,856)**	**(45,279)**
Provisions for risks and charges	(15,842)	(23,136)
Other liabilities, net (*)	(14,449)	(20,616)
Net working capital	**(48,147)**	**(89,031)**
Net invested capital	**167,184**	**134,462**
Equity attributable to the owners of the Parent	468,739	423,014
Equity attributable to non-controlling interests	427	1,122
Equity	**469,166**	**424,136**
Net financial position	**(301,982)**	**(289,674)**

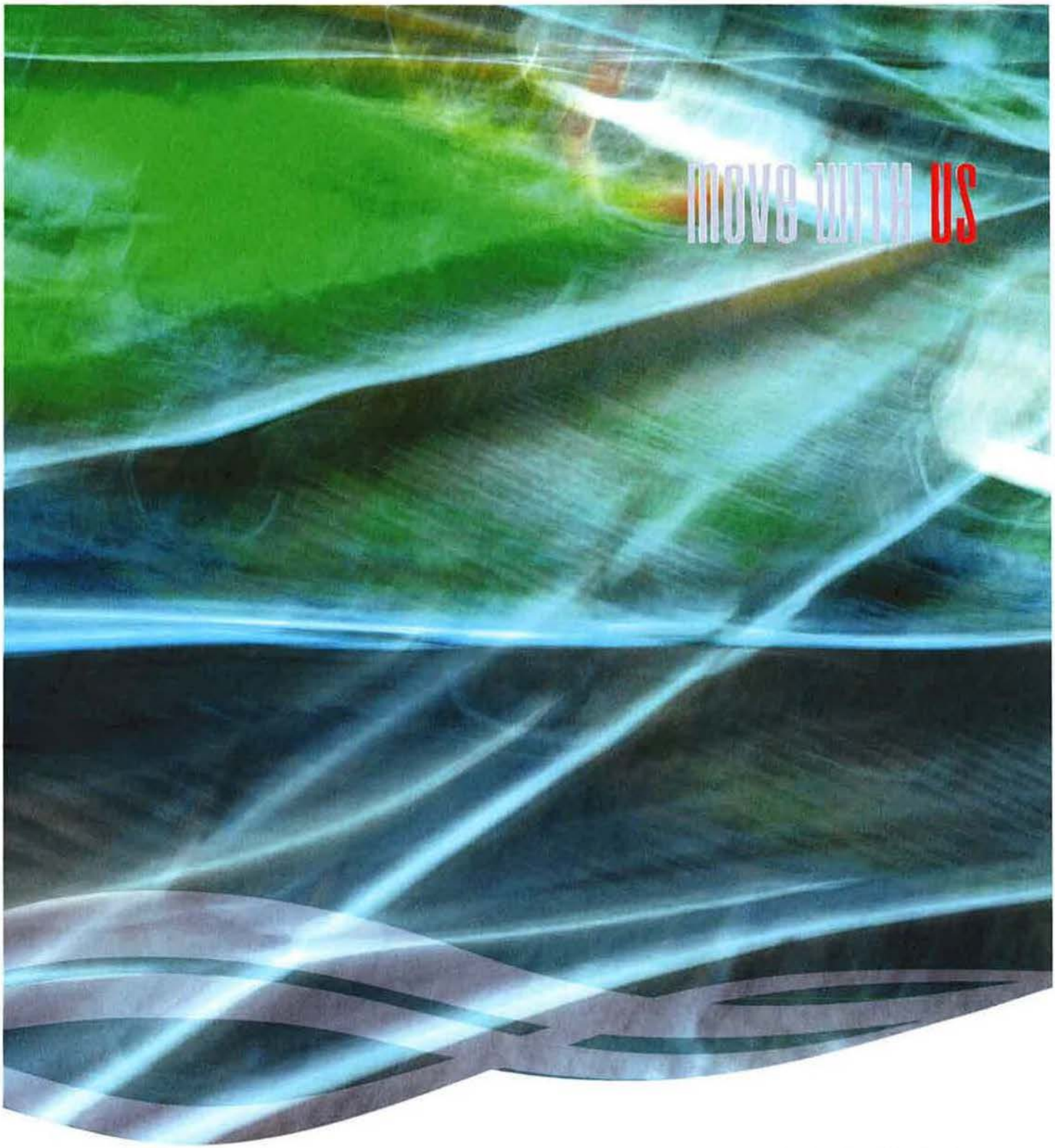
Notes to the reconciliation between the reclassified statement of financial position and the statement of financial position included in the consolidated financial statements:
(*) Includes "Tax assets" and "Other current assets", net of "Tax liabilities" and "Other current liabilities".

Net Financial Position (€ 000)

	31.12.2012	31.12.2011
Current loans and borrowings	18,188	14,535
Non-current loans and borrowings	-	269
Cash and cash equivalents	(146,837)	(160,928)
BANK LOANS AND BORROWINGS	**(128,649)**	**(146,124)**
Related party loan assets	(120,533)	(2,531)
Other loan assets	(52,987)	(110,812)
Current financial assets at *fair value* through profit or loss	-	(30,756)
LOAN ASSETS	**(173,520)**	**(144,099)**
Related party loans and borrowings	-	-
Other current loans and borrowings	187	380
Other non-current loans and borrowings	-	169
OTHER LOANS AND BORROWINGS	**187**	**549**
NET FINANCIAL POSITION	**(301,982)**	**(289,674)**

Statement of cash flows (€ 000)

	31.12.2012		31.12.2011	
Opening cash and cash equivalents	**160,928**		**153,320**	
Gross cash flows generated by operating activities	153,306		127,299	
Changes in other operating assets and liabilities	(58,279)		(67,235)	
Funds from operations		**95,027**		**60,064**
Change in working capital	(51,001)		(42,657)	
Cash flows from operating activities	**44,026**		**17,407**	
Cash flows used in ordinary investing activities	(6,457)		(10,188)	
Free operating cash flow		**37,569**		**7,219**
Strategic transactions	(216)		(6,302)	
Other changes in investing activities	14		(44)	
Cash flows used in investing activities	**(6,659)**		**(16,534)**	
Dividends paid	(28,000)		(33,592)	
Cash flows generated by (used in) other financing activities	(22,849)		38,955	
Cash flows from (used in) financing activities	**(50,849)**		**5,363**	
Exchange rate gains and losses, net	**(609)**		**1,372**	
Closing cash and cash equivalents	**146,837**		**160,928**	



ANNUAL REPORT 2011

AnsaldoSTS
A Finmeccanica Company

Report on Operations for 2011 and Business Environment

In a scenario marked by an ever-stiffer competition, for the Ansaldo STS Group the year 2011 marked a considerable commercial success involving a volume of acquisitions greater than EUR 2 billion, an all-time high, on both business segments.

Link

"Ansaldo STS is committed to maintaining and developing a set of distinctive abilities and skills which will create value and ensure the company's lasting growth over time."
> Please see page 77 of the 2011 Sustainability Report for further information

Signalling Business Unit

The orders acquired at 31 December 2011 came to EUR 1,045.9 million, greater than the orders acquired in 2010 (EUR 890.2 million).
The order backlog came to EUR 2,341.4 million from EUR 2,090.6 million at 31 December 2010.

The main events of the year referring to the *Signalling* Business Unit are outlined below.

ITALY

In **Italy** the market recovered significantly, especially in the upgrade of the existing lines. This allowed the company to win the contract for the Turin-Padua line (EUR 210.5 million), which is a part of the European Corridor D (Lisbon-Kiev). The supply includes the systems for traffic operation along the line and at stations, the related integrated diagnostics systems, as well as the supply of several auxiliary equipment.

Good was the volume of acquisitions on traditional business segments: HSL completions and upgrades; construction and upgrading of several automation equipment (SCC Control Traffic Center); sale of components and assistance and maintenance services.

REST OF EUROPE

Particularly significant results were also achieved in the rest of Europe.

In **France**, contracts worth more than EUR 120 million were acquired for the new high-speed lines: one directly from SNCF for the second stage of the LGV EE, two from the General Contractors that will build the "Bretagne-Pays de Loire HSL" with Eiffage, and "LGV SEA " with Inneo using Project Financing.
Still in France it is worth remembering the umpteenth extension of the contract with RATP for the maintenance of some lines of the Paris Metro, for an amount of some EUR 18 million.

In **Germany**, the company received the second contract from Deutsche Bahn for the HSL ERTMS2 equipment plan, thus confirming the business leader in the prestigious and challenging German market as well. This new contract covers the designing, supply, installation and operation and service of ERTMS/ETCS Level 2 signalling systems along the Rostock-Berlin line, for an amount of EUR 14 million.

In **Sweden**, in the Mass Transit segment, a contract was acquired for the CBTC technology-based upgrade of the wayside and onboard equipment of the Red Line of the Stockholm Metro, for an amount of EUR 85 million.

In **Turkey** agreements were formalised with the Italian-Turkish JV Salini-GCFKolin for the supply of the signalling, automation and railway telecommunications systems for the Gebze-Kosekoy section of the Ankara-Istanbul high-speed line for an amount of EUR 31.5 million.

NORTH AMERICA

During the period there were no commercial events of particular relevance. The traditional sale of wayside and onboard equipment continued for the traditional customers in **Canada** and the **USA**, both in the Railroads and the Mass Transit segment.

ASIA - PACIFIC

The **Australian** market is on the mend, especially in the mining lines segment. This generated a significant offer. However, in the year 2011 new acquisitions were modest in the amount of EUR 30 million.

In **India**, on the other hand, a contract was acquired from Kolkata Metro Rail Corporation Limited (KMRCL) for an amount of EUR 46 million for the designing, construction, installation and testing of the control, signalling and communication systems of a new section of the Calcutta Metro.

In **China** the major acquisition for the year regards

line 1 of the ZhengZhou traditional underground for an amount of EUR 9 million.

Finally, in **South Korea**, a contract was acquired for the construction of systems for the Uhi-Shinseoul driverless metro with POSCO for EUR 20.0 million.

well as for the Trento-Malè line. Equipment at Palermo station is being installed. As regards the newly-acquired large facility for the Genoa multistation equipment, activities were slower than scheduled due to delays in civil contracts and track-laying, which are preparatory to the works of the Company.

Performance of the *Signalling* Business Unit

(EUR 000)	31.12.2011	31.12.2010	Change
New intake orders	1,045,870	890,205	155,665
Order backlog	2,341,367	2.090,584	250,783
Revenue	728,375	841,831	(113,456)
EBIT	75,079	104,232	(29,153)
R.O.S.	10.3%	12.4%	-2.1 p.p.
Operating working capital	111,449	300	111,149
Research and Development	32,475	33,053	(578)
Headcount (no.)	3,081	3,315	(234)

The figures in this table are inclusive of transactions with other segments.

Revenue at 31 December 2011 was EUR 728,375 thousand from EUR 841,831 thousand in 2010.

Below is an overview of the most relevant production events.

ITALY

As regards the High Speed programme, the activities for the existing lines were essentially completed, except for continuous but small maintenance and upgrading of control equipment.

Through the Consorzio Saturno, for the future Milan-Genoa and Brescia-Treviglio lines, designing commenced ahead of the signing of the relevant contracts, which envisage very short times for the designing stage.

In the onboard SCMT segment, the supply of equipment for the Trenitalia rolling stock continued under the applicable Master Agreement.

Good was the volume of activities generated by orders of other railway companies and builders of rolling stock intended for circulation in Italy.

In particular, for AnsaldoBreda production continued for the SCMT systems of high-frequency trains (TAFs), for regional trains (TSR), both intended to Ferrovie Nord Milano and for Vivalto double-decker carriages for Trenitalia; development activities continued for the 50 new V300 Zefiro High-Speed trains and equipment for the first two trains were tested.

In the Station equipment segment, almost all of the activities were completed for the systems of the Naples, Venezia-Mestre, Pisa, and Milano-Rogoredo junctions as

The Turin-Padua Line is worth a specific mention. Production mainly regarded detailed engineering, which was completed in due time, and the relevant documentation was delivered to the customer. Development activities continued mainly for the release of the key prototypes for the later stages of procurement and designing.

In the Mass Transit segment, in cooperation with the Transportation Solution Business Unit, the major activities regarded the supply of systems for Line B1 of the Rome Metro, De Ferrari - Brignole line of the Genoa Metro, Line 1 Dante-Garibaldi of the Naples Metro, Line 6 of the Naples Metro.
As regards the latter, development activities continued for the Metropolitan Border of the Mostra-Mergellina section.

The year saw growing volumes of assistance and maintenance activities, mostly for RFI and Trenitalia, the result of large quantities of systems and equipment supplied to these customers in the last years.

REST OF EUROPE

(This section also includes Turkey and the FSU)

In **France** activities mostly regarded onboard systems (*TG Rhin-Rhône*) and equipment (*Thalys*) for the French high speed network, as well as the usual orders for maintenance, assistance and manufacturing of spare parts.

In **Sweden** the *Ester* project is being fully developed for the construction of an ERTMS level 2 system on the Ester line in the Northern part of the country.

The project for the upgrade of the *Red Line* of the Stockholm Metro is also being developed using CBTC technology.

In the **UK**, during the year the operation stage was completed for the project for the *Cambrian line* (the first line on British soil to be equipped with the ERTMS level 2 European standard). This allowed the settlement of some contractual claims of the customer.

In **Germany** testing and operation activities commenced on the equipment installed on the Saarbrücken - Mannheim line, which is part of the interoperable European corridor (*Paris-Ostfrankreich-Südwestdeutchland*).
Preliminary designing activities started on a similar contract acquired during the year for the track laying of the Rostock-Berlin line.
As regards the onboard project for the supply of 30 multistandard equipment for 15 HS *Velaro* trains, manufacturing activities continued during the year and some additional functional implementations were defined with the customer.

In **Russia** preparations were completed for the start of the testing of the *Itarus* system, a system designed by Ansaldo STS with NIJAS (the research body of the Russian railways) for the introduction of the ERTMS standards in the physical and operating environment of the Russian territory.

In **Turkey** detailed engineering continued on the Mersin-Toprakkal line. As the Customer gave the necessary approvals, onsite assembly commenced. Activities resumed with new strength for the Ankara metro, after the title of the contract changed from the municipality to the Ministry of Transportation.

In **Kazakhstan** all the productive activities that had commenced on the Khorgos-Zhetysen line project, as part of the Joint Venture formed with the local railways, were formally interrupted by the customers and negotiations are under way for the redefinition of the scope of work of the JV.
Therefore, it was considered prudent not to include the finishing amount of the project (some EUR 45 million) in the Group backlog, given the persistent uncertainty.

NORTH AFRICA AND THE MIDDLE EAST
The performance of the activities planned for the year 2011 in Tunisia and mostly Libya was adversely affected by the political riots in the region.

In **Tunisia** activities resumed at the end of the year, and activation of the signalling and automation systems in the Tunis suburban line is nearing completion.

In **Libya**, immediately after riots started, activities were suspended for the project for the construction of the signalling, telecommunications, security and power supply system for the Ras Ajdir-Sirth and the Al Hisha-Sabha lines.
These activities have not resumed for the time being.
The project for the construction of a similar system for the Sirth-Benghazi section was also suspended by the customer, the construction company of the Russian Railways Zarubezhstroytechnology (ZST), with letter dated 21 February 2011.
Contacts are under way with this organisation in order to agree upon extending the period of suspension of the contract.
At present it is difficult to assume that these contracts may be resumed, given the situation of the country.

AMERICA
Production came from both system works on projects lasting several years and from the sale of components.
For the first segment, activity was extensive for the customer Union Pacific on the OTP/CADX project.
In 2005 Ansaldo STS USA won the contract for the development and implementation of the *Next Generation Computer Aided Dispatch* (CAD) and of an *Optimizing Traffic Planner* (OTP) system, as well as maintenance until 2030.
During the year the OTP was activated in all the Western regions and in most of the Southern areas. The completion in all the regions (34 overall) is expected in 2012. As regards the development of the CADX Office, 90% of the subsystem requirements were approved by Union Pacific.
In the Mass Transit market, manufacturing regarded several contracts with various public transport authorities: NYC - 5th and Lexington, WMATA - Red Line, PATH PTCC - Office, Port Authority of Allegheny Co, LIRR-Harold Interlocking.

ASIA - PACIFIC
In **Australia** activities were carried out with several customers, mostly using *alliance* contracting.
In particular, works worth noting are those for the Newcastle Alliance, the Synergy Alliance, the Richmond Line Alliance, the K2RO Project, and the NCIG-Coal Export Terminal.

In **India**, manufacturing mainly focussed on these projects, all with the Indian federal railways.
Since its inception, the KFW project has been upgraded and changed with variations and this caused a delay in the performance timeline together with a number of technical problems which were finally resolved during 2011. Thanks to this, the first systems were delivered for operation. After a long series of technical and operational difficulties, solutions to be implemented

with the customer were sufficiently defined for the two projects (North and South) for equipping wayside and onboard systems with devices for the Train Protection and Warning System (TPWS).

In **South Korea** the cooperation with Rotem involved the supply of equipment for some types of engines. During the year line testing was carried out with positive results.

In **China**, the ZhengXi Line project is now ending; the major activities regarded the Transfer of Technology (ToT) to the local partner Insigma.

EBIT of the Signalling Business Unit at 31 December 2011 came to EUR 75,079 thousand (10% of the value of revenue), lower than the amount of December 2010 (EUR 104,232 thousand) due to smaller volumes and the freezing of the new contracts in Libya.

Operating Working Capital at 31 December 2011 totalled EUR 111,449 thousand, up from EUR 300 thousand at 31 December 2010 as a result of an increase in trade receivables, inventories and work in progress.

Research & Development costs at 31 December 2011 amounted to EUR 32,475 thousand, essentially in line with the figures for the prior year (EUR 33,053 thousand).

Headcount at 31 December 2011 totalled 3,081 people (3,315 at 31 December 2010); it includes the containment of resources as part of the reorganisation process.

Transportation Solutions Business Unit

The orders acquired at 31 December 2011 came to EUR 1,256.1 million compared with EUR 1,142.8 million at 31 December 2010.

The order backlog came to EUR 3,442.3 million from EUR 2,721.5 million at 31 December 2010.

The significant events of 2011 for the various geographical areas are outlined below.

ITALY

In Italy, the overall amount of orders acquired at 31 December 2011 amounted to more than EUR 120 million. The most important acquisition, for more than EUR 105 million, relates the extension of Line 5 of the Milan Metro (south-westbound extension from Garibaldi to San Siro). The line will extend for a further 7 km with 10 new stations. Ansaldo STS technology will be used on the fully driverless system.

Projects under way include the award of the tender - under Project Financing - for Line 4 of the Milan Metro (S. Cristoforo-Linate) to the Grouping of Impregilo (leading company), Astaldi, Ansaldo STS, AnsaldoBreda, Sirti and ATM Milano.

The concession agreement and the loan agreements will be effective, hopefully in a short time, after the competitors have filed their appeals.

REST OF EUROPE

Generally, the global macroeconomic scenario is still affected by the financial crisis that caused many projects to be delayed, in particular in the Eastern European area, where the development programmes driven by the European Community do not seem adequate to fully finance the major expansion projects for the transport networks of some capital cities.

In **Denmark**, as part of the contract formerly acquired for the Copenhagen Cityringen driverless metro, the customer decided to give the order for trains to Ansaldobreda through Ansaldo ATS, which is in charge of the construction and integration of all the technological works.
This allowed an order for a further EUR 120 million.

NORTH AFRICA AND MIDDLE EAST

During the period there were no new acquisitions, but several promotion and offering activities were initiated, especially in **Qatar**, which is one of the countries with the most ambitious infrastructure development plans, such as Saudi Arabia.

ASIA - PACIFIC

The amount of the orders acquired in **Australia** in this business segment was more than EUR 151 million, all deriving from the master agreement made with the mining company Rio Tinto for the technological equipment of new and existing railway lines to transport iron ores from the Pilbara region in Western Australia to the ports along the coast.

In **India** consideration is being given to possible partnerships with local contractors in order to take part in future tenders.

NORTH AMERICA

The most important event of the year is undoubtedly the signing of the contract for the construction of the Honolulu Metro.

In November 2011 Ansaldo Honolulu Joint Venture, the consortium formed by Ansaldo STS and AnsaldoBreda, signed with HART (Honolulu Authority for Rapid Transportation) a contract for the construction of the technological part and for the supply of the new driverless metro trains in the City of Honolulu (Hawaii). The contract, worth USD 1,334 million overall, covers the designing, construction, operation and maintenance of the new driverless metro line in Honolulu, which will be 32 km long entirely on flyover tracks along 21 stations. Ansaldo STS share amounted to EUR 841.8 million.

The designing and construction of the full line will have a duration of 8 years, the operation and maintenance of the line will commence in 2015 for the first functional section, and in 2019 throughout 2029 for the entire line. Performance of O&M for the years 2025 - 2029 for an amount of EUR 224.7 million will be checked by the customer.

Performance of the *Transportation Solutions* Business Unit

Revenue of the *Transportation Solutions* Business Unit at 31 December 2011 amounted to EUR 512,267 thousand from EUR 504,448 thousand at 31 December 2010.

The volumes were developed in Italy (55%) and abroad (45%), with 78% regarding the metro rail sector. Production developed on the projects for high-speed trains, the Rome Metro Line C, Copenhagen Metro, Milan Metro, Genoa Metro, Thessaloniki, Alifana, Naples Metro Line 6, Naples Metro Line 1, Brescia Metro, Riyadh Metro, Malaysia and Australia Metros. Below is an overview of the most significant production events.

(EUR 000)	31.12.2011	31.12.2010	Change
New intake orders	1,256,058	1,142,756	113,302
Order backlog	3,442,345	2,721,540	720,805
Revenue	512,267	504,448	7,819
EBIT	55,009	46,294	8,715
R.O.S.	10.7%	9.2%	+1.5 p.p.
Operating working capital	(172,411)	(105,299)	(67,112)
Research and Development	1,425	1,774	(349)
Headcount (no.)	600	449	151

The figures in this table are inclusive of transactions with other segments.

ITALY

High-Speed Railways

In the High Speed segment, marginal activities continued on existing lines for the operation of some new interconnections and for assistance works covered by warranty; activities for the designing of the new sections Treviglio - Brescia and Milan-Genoa 3° Valico del Giovi - for which contracts are to be formalised yet - started with interruptions.

Metrogenova

Regarding the functional line De Ferrari–Brignole, during the year activities were carried out for the supply of technological equipment, for equipment assembled along the line and at Brignole station.
Operation activities also started.
The flood that hit Genoa and our building site in November caused the operational programme to be postponed: opening to the public is now estimated in September 2012.
Regarding the Dinegro Depot, the customer decided to assign to the Company the construction of a part of the structures above the depot, with a variation that is currently being approved.

Alifana Regional Line

During the second quarter an Agreement was signed for the price increases in construction materials, accounted in previous years.
The Licensor Metrocampania Nordest prepared and transmitted to the Campania Region a new text for the Addendum to replace the one signed in March 2010.
In November the Submission Deed for the Scampia Underpass was signed and the works covered by the civil and technological variations were regularised.
Still in November the deed for the suspension of the works of Melito station, lot A, with a specific reserve for the refund of all the greatest resulting charges and damages.
With reference to the credit position of the Temporary Business Grouping, and of the Associates accordingly, during the year legal actions were initiated to protect former entitlements.
At the same time, contacts continued with the Campania Region for the definition of a settlement that is satisfactory for all the parties.
With regard to the Piscinola-Capodichino line, Metrocampania Nordest as Contractor has not delivered the areas and works in Lot A yet, as envisaged in the Integrated Contract.
The Temporary Business Grouping, of which the company is the agent, formalised a specific reserve for the refund of all the greatest resulting charges and damages.

Naples Metro Line 6

The year was marked by significant events in terms of techniques and construction. In particular, as regards the Line Tunnel, excavation was completed in October as the TBM/EPB arrived at the site of the Municipio station, where facilities have already been built for dismantling.
The traditional 3-km long tunnel built has 1,700 lining segmental rings, has a single tube, and stretches from the Mergellina station to the Piazza Municipio areas.
With regard to the stations A.Mirelli, S.Pasquale, Chiaia and Municipio works continued at different paces because of the peculiar events of the year. Works were dramatically delayed in the last few years because the level of archaeological excavation was reached.
Finally, as regards the Municipio site, during the year archaeological surveys continued on the station shaft areas, and as a result planned activities were delayed.
With regard to the significant credit position of the contract, the Company initiated proceedings to have an injunction issued against the Municipality of Naples for the collection of the amounts due.

Rome Metro Line C

Works in the outdoor section linking Pantano-Torrenova and the Pantano Depot were essentially completed; tests, especially subsystem, interface functional tests and preventive functional tests, are under way.
As regards the works for underground stations in the tunnel section linking Giardinetti and Centocelle, rough works, floors and covers of the various levels are being completed, and platforms were enlarged. As regards the line, the construction of the large concrete slab is being completed and the assembly of emergency

platforms is nearing completion; the laying of tracks and of the primary cable paths commenced.

Milan Line 5
On the functional line linking Bignami and Zara assembling activities and the operation of most of the telecommunications systems were completed.
Following the request of the municipality of Milan for temporarily opening to the public the functional line Bignami-Zara for the "Family Week" at the end of May 2012, it was determined that a shuttle service will operate on a single track, with two trains at Bignami and Zara stations not stopping at the other stations. The service will be driverless with officers on board and at stations at the end of May. To that end commissioning activities were adjusted.
The final activation of the Bignami-Zara line is scheduled at the end of October 2012.
With regard to the extension of the line to San Siro station, the detailed engineering is under way and will be completed within December 2012. Orders were issued for all the supplies, while the contract for the assembling of the signalling equipment will be completed next year. The civil partner is carrying out activities for moving subservices, the construction of the station bulk heads and the preparation of the first two TBMs.

Naples Metro Line 1
The contract relates to the construction of the works for the contact line, power supply, telecommunications, signalling and automation and the protection systems on the 5-km line entirely in the tunnel. During the year a section linking Dante and Università (March 2011) was activated in a shuttle configuration (down line track).
It is expected that in 2012 Toledo station be included in the shuttle route that is now operating and that the entire section linking Dante and Garibaldi be completed with a carousel configuration which will be final (December), except for Municipio and Duomo, for which completion is expected in 2013 and 2014 respectively.

Metro Brescia
During the year the construction designing was fully developed and installations along all of the line are nearing completion, with the exceptions of details for civil finishings and minor works at the depot workshop. On-site activities are mainly related to the operation of the ATC subsystem, of vehicles, and to the system integration on the functional line and on the rest of the line, which will continue throughout September. System operation is expected at the end of December 2012.
The year was marked by the settlement of the dispute between ATI and Brescia Mobilità through a settlement agreement that redefined the reference programme, allowed ATI a part of the expenses incurred for time extension and variations made after works had commenced, and determined how the company in charge of the *Operation and Maintenance* of the system will work.

REST OF EUROPE

Thessaloniki Metro
The designing phase on which the Company is working at the moment, named the General Final Design 2 (GFD2), was marked in 2011 by two key events: the substantial approval by the Customer of the Company's technical proposal on the new CBTC architecture for the signalling system and the formalisation of the reservation submitted by the JV to the Customer regarding the damages incurred by the Partners of the B Group (ASTS and AB) at designing (GFD1 and GFD2).
In terms of programmes, according to the best estimate possible at the moment, works will be completed at the end of December 2007.
On the other hand, in November the Customer made an official request to the JV for a new programme where works are estimated to be completed by the end of 2015, even though this request is not accompanied by a genuine Customer commitment to promptly settle any payments still due. At present the estimated contract amount includes an estimate of delays due in part to the unfavourable economic conditions of the country.

Copenhagen
As regards the Cityringen contract, a new programme for the construction of the work was agreed upon with the customer and the civil works contractor.
The new programme brings the start of operations of the system forward to December 2017.
All the designing and interface definition milestones were reached during the year with the Civil contractor. The construction of the site was completed and pre-excavation activities started in the Depot area.

In 2011 the Operation&Maintenance contract performed greatly with Service Availability of 98.8% following improvements in operating procedures and system changes, in addition to the renewal of obsolete components.
The number of passengers reached its all-time high with some 54 million journeys/passengers.

NORTH AFRICA AND THE MIDDLE EAST

Riyadh Automated People Mover System (Apm)
During the year the construction designing activities and interfacing with civil works were completed. *Commissioning* activities are nearing completion.
During the first three months of the year, an agreement was signed with the Customer for the formalisation of a new timeline and new interim milestones.
In particular, the first one, the *Ceremonial Opening*, was

a full manual service on line 2 in May at the presence of the King.

ASIA - PACIFIC

Circular Line Taipei Metro
The Customer contracted only two of the three major contracts with civil enterprises, with a delay over the initial plan. Negotiations are under way for the formalisation of a time extension that covers these delays. It is to be reported that at the end of the year the CBS (*Contract Baseline Schedule*) was processed and submitted. Its approval caused the receipt of a huge amount as advance payment in December.

Australia
Production mainly developed on the projects related to the Framework Agreement of Rio Tinto (RAFA). In particular, activities on the Rail Capacity Enhancement and Hope Down 4 account for most of the revenue for the year and of the employment of Engineering and Construction entities' in-house resources. Activities continued for the preparation of operations for the ECP and the ATO projects and for the study phase for the remaining part of the programme.

Malaysia
Production mainly regarded the Malaysia North Double Tracking project. The most relevant event of the period was the settlement of the dispute with the Customer, at all levels, for the definition of the signalling technological solution to be adopted for the project. Negotiations are still being held for the work programme and for the request for a time extension to make up for the months spent identifying the reference technological solution.

EBIT for the Transportation Solutions Business Unit at 30 December 2011 came to EUR 55,009 thousand (10.7% of the value of revenue) compared with EUR 46,294 thousand at 31 December 2010 (9.2% of the value of revenue); this increase is a result of the different mix of orders worked in the two comparison periods.

Operating Working Capital came to a negative EUR 172,411 thousand, as compared with a negative EUR 105,299 thousand at 31 December 2010; this change is mainly attributable to the increase in advances from customers during the year.

Research & Development costs charged to the income statement amounted to EUR 1,425 thousand, mainly in line with the figure at 31 December 2010 (EUR 1,774 thousand).

Headcount at 31 December 2011 was equal to 600 units, up 151 units compared with 31 December 2010 (449 units). This change is attributable to the reallocation of resources, especially in Australia, made in the scope of the group reorganisation.

Link

"Ansaldo STS puts customer satisfaction at the centre of its strategy: the ability to understand the client's needs and expectations and to meet them is the central value on which the corporate culture is based."
> Please see pages 55 and 135 of the 2011 Sustainability Report for further information

Main Intake Orders

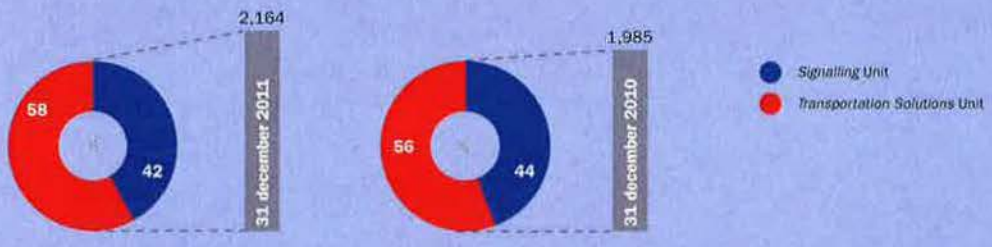
Signalling Unit

Country	Project	Customer	Value (EUR mln)
Italy	TO-PD Main Line (main orders and variation order)	RFI	210.5
Sweden	Stockholm Red line	S L	85.0
France	HSL Bretagne - Pays de Loire	EIFFAGE	62.0
France	LGV SEA	INEO	46.7
India	Kolkata Metro	KMRC	46.1
Turkey	HSL Gebze-Kosekoy	Salini-CGF-Kolin	31.5
Australia	ARTC various projects	ARTC	30.0
Italy	HSL variation orders & price escalation	RFI	20.3
South Korea	Uni-Shinseoul	POSCO	20.0
Italy	SCC-CTC variation orders	RFI	18.1
France	RATP Metro Paris Maintenance	RATP	17.8
France	LGVEE Phase 2	SNCF	15.0
Germany	Berlin-Rostock	D B	13.8
Canada	STM Montreal	STM	12.1
USA	Components, Service & Maintenance	Various	43.5
France	Other Components, Service & Maintenance	Various	29.7
Italy	Components, Service & Maintenance	Various	13.1

Transportation Solutions Unit

Country	Project	Customer	Value (EUR mln)
USA	Honolulu Metro	HART	841.8
Denmark	Copenhagen - vehicles	Metroselskabet	121.9
Italy	Milan Line 5 ext. Garibaldi-San Siro	Milan Municipality	105.2
Australia	Rio Tinto RAFA phase 1	Rio Tinto	70.0
Australia	Various Rio Tinto small projects	Rio Tinto	48.2
Australia	Rio Tinto RAFA phase 2	Rio Tinto	33.2
Saudi Arabia	Riyadh - PNU variation orders	SBG	11.8
Italy	Rome Line C variation	Roma Metropolitane	7.1

Orders by Business Unit at 31 December 2011 - 2010 (EUR millions)



Analysis of the Income Statement, the Balance Sheet and the Financial Position

Consolidated net profit for 2011 was €73,056 thousand as against €94,908 thousand in 2010. Revenues contracted from €1,283,710 thousand in 2010 to €1,211,944 thousand in 2011 - a reduction of €71,766 thousand.

This change was mostly attributable to the *Signalling* Business Unit, in which the gradual run-off of AV (high-speed) projects in Italy and the PRC, as well as of the projects to equip rolling stock with the SCMT system, was not offset by the development of new orders.

This circumstance was largely due to the stoppage, at the beginning of the year, of work on two important orders that the company had won in Libya.

In 2011 the *Signalling* Business Unit's revenues were €728,375 thousand, gross of transactions with other sectors - a reduction of €113,456 thousand from 2010, when they were €841,831 thousand.
The *Transportation Solutions* Business Unit's 2011 revenues were €512,267 thousand, gross of transactions with other sectors - a slight increase of €7,819 thousand over 2010, when they were €504,448 thousand.

2011 EBIT was €116,120 thousand - a reduction of €20,945 thousand from 2010 (€137,065 thousand).

The EBIT margin was 9.6% as against 10.7% in 2010.

In detail:
- the *Signalling* Business Unit's operating profit for 2011 was €75,079 thousand, a reduction of €29,153 thousand from the 2010 figure of €104,232 thousand, due essentially to lower production volumes and a different product mix.
- the *Transportation Solutions* Business Unit's operating profit was €55,009 thousand, an increase of €8,715 thousand over the 2010 figure of €46,294 thousand, due to the different product mix and higher profitability in the projects executed in both years.

Net Invested Capital was €134,462 thousand as against €63,311 thousand for 2010.
The change of €71,151 thousand was due to an increase in non-current assets of €5,929 thousand and growth in Net Working Capital of €65,222 thousand. The change in working capital was due to an increase in work-in-progress inventories and debtors, which was not offset by any increase in suppliers and principals' down-payments. Debtors increased due to the continuation of certain credit positions with the Parent, ASTS, in respect of some large Italian projects for the realisation of mass transit systems.

The positive Net Financial Position (i.e. the excess of financial assets and cash over financial indebtedness) was €289,674 thousand as against €318,150 thousand in 2010, a reduction of €28,476 thousand following the distribution of dividends in the amount of €33,592 thousand, (€30,982 thousand in 2010).
It should be noted that the 31 December 2011 financial position (€289,674 thousand) included a €70,643 thousand advance payment received from the Russian client Zarubezhstroytechnology in respect of the project to realise signalling, automation, telecommunication, power supply, security and ticketing equipment for the Sirth-Benghazi line in Libya.

Link

"Ansaldo STS creates economic value and distributes it to its stakeholders, who have contributed to its production."
> Please see page 83 of the 2011 Sustainability Report for further information

"Ansaldo STS enters into reciprocally beneficial relationships with society through: relations with institutions, research projects conducted with domestic and EC public entities, trade associations, partnerships with universities, media relations and community relations. It takes part in charity campaigns and finances humanitarian, environmental and cultural initiatives."
> Please see page 149 of the 2011 Sustainability Report for further information

Income Statement

(EUR thousand)	31.12.2011	31.12.2010
Revenue	1,211,944	1,283,710
Raw materials and consumables used and personnel costs (*)	(1,075,627)	(1,136,762)
Amortisation and depreciation	(13,067)	(13,215)
Impairment	(343)	(6,430)
Other net operating income (expenses) (**)	(533)	9,770
Change in work in progress, semi-finished and finished goods	(3,915)	2,338
Adjusted EBIT	**118,459**	**139,411**
Restructuring costs	(2,339)	(2,346)
EBIT	**116,120**	**137,065**
Net finance income (costs)	(768)	(3,854)
Income taxes	(42,296)	(38,303)
Net Profit (Loss)	**73,056**	**94,908**
Equity holders of the Company	*72,956*	*94,592*
Minority interests	*100*	*316*
Earnings per share		
Basic and Diluted	*0.56*	*0.73*[1]

(1) Redetermined following the free share capital increase of 4 July 2011.

Notes for reconciling the reclassified Income Statement and the Income Statement:
(*) Includes "Raw materials and consumables used", "Purchase of services" and "Personnel costs" (less restructuring costs), less "Work performed by the company and capitalised".
(**) Includes the net amount of "Other operating income" and "Other operating expenses" (less restructuring costs).

Statement of Financial Position

(EUR thousand)	31.12.2011	31.12.2010
Non-current assets	270,047	263,747
Non-current liabilities	(46,554)	(46,183)
	223,493	**217,564**
Inventories	129,936	127,632
Contract work in progress	283,302	216,928
Trade receivables	680,069	624,808
Trade payables	(431,851)	(403,133)
Advances from customers	(706,735)	(657,150)
Working capital	**(45,279)**	**(90,915)**
Provisions for short-term risks and charges	(23,136)	(22,417)
Other net assets (liabilities) (*)	(20,616)	(40,921)
Net working capital	**(89,031)**	**(154,253)**
Net invested capital	**134,462**	**63,311**
Capital and reserves attributable to equity holders of the Company	423,014	380,411
Minority interests in equity	1,122	1,050
Shareholders' equity	**424,136**	**381,461**
Net financial debt (liquidity)	**(289,674)**	**(318,150)**

Notes for reconciling the reclassified Statement of Financial Position and the Statement of Financial Position:
(*) Includes "Tax receivables" and "Other current assets", less "Tax payables" and "Other current liabilities".

Financial Situation (EUR thousand)

	31.12.2011	31.12.2010
Short-term borrowings	14,535	3,089
Medium and long-term borrowings	269	1,115
Cash and cash equivalents	(160,928)	(153,320)
BANK DEBT	**(146,124)**	**(149,116)**
Financial receivables from related parties	(2,531)	(149,150)
Other financial receivables	(110,812)	(21,212)
Current financial assets at fair value	(30,756)	-
FINANCIAL RECEIVABLES	**(144,099)**	**(170,362)**
Borrowings from related parties	-	-
Other short-term borrowings	380	822
Other medium- and long-term borrowings	169	506
OTHER BORROWINGS	**549**	**1,328**
NET FINANCIAL DEBT (LIQUIDITY)	**(289,674)**	**(318,150)**

Statement of Cash Flow (EUR thousand)

	31.12.2011		31.12.2010	
Cash and cash equivalents - opening balance	**153,320**		**128,541**	
Gross cash flow from operating activities	127,299		164,994	
Changes in other operating assets and liabilities	(67,235)		(50,311)	
Fund from Operations		**60,064**		**114,683**
Change in working capital	(42, 657)		(41,717)	
Cash flow from (used in) operating activities	**17,407**		**72,966**	
Cash flow from ordinary investing activities	(10,188)		(6,983)	
Free Operating Cash Flow		**7,219**		**65,983**
Strategic investments	(6,302)		-	
Other changes in investing activities	(44)		-	
Cash flow from (used in) investing activities	**(16,534)**		**(6,983)**	
Dividends paid	(33,592)		(30,982)	
Cash flow from financing activities	38,955		(12,795)	
Cash flow from (used in) financing activities	**5,363**		**(43,777)**	
Translation differences	**1,372**		**2,573**	
Cash and cash equivalents - closing balance	**160,928**		**153,320**	

Risks and Uncertainties

The risks described below stem from the consideration of the features of the market and business of the Ansaldo STS Group, together with the main results of the update of the Risk Assessment of processes. The Risk Assessment aims at identifying the main risks, with respect to the processes identified as relevant, and the relevant mitigating actions, as well as defining the additional actions to be taken to further reduce the risk or improve process performance.

The Risk Assessment process adopted by Ansaldo STS makes reference to the internationally recognised framework of the "Enterprise Risk Management" of the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO report) and purports to add the Risk Assessment to the processes for the planning and implementation of corporate goals, to create value based on appropriate risk management also by giving value to opportunities.

The main risks and uncertainties of Ansaldo STS and of the Group are presented below according to the classification adopted by the Group (strategic, operating, financial and disclosure risks). There may be risks that are unidentified or that have not been considered as being significantly material at the moment but which should however have an impact on the Group's business.

For the management of financial risks, reference should be made to the related explanatory notes.

Link

"Through its Internal Sustainability Committee, Ansaldo STS supplements its analysis of economic risk with that of social and environmental risks."

> Please see page 45 of the 2011 Sustainability Report for further information

Strategic risks

Competition in the market and efficiency programmes

The Ansaldo STS Group operates in a global market, which grows in the emerging countries and in the areas with a higher development rate and which increasingly tends to the standardization of products and technological solutions and to the globalization of markets (specifically in the signalling business sector). This entails an increase in trade competition and a tendency to price reduction, notwithstanding the growth in market volumes. The Group is therefore exposed to the risk of weakening its competitive ability, in the absence of an adequate standardisation of the solutions and the products offered and of a greater efficiency/optimisation in the use of resources during the performance of contracts and more generally in the operating management of the entire company. In response to this risk, it should be specified that the Group has adopted a new integrated organisation and operational structure in order to achieve a greater standardisation of solutions and products and, in general, to improve operational efficiency and efficacy. This change occurred since 1 January 2010 and ended up with the inclusion since 1 April 2011 in the new organization of the subsidiary in the USA.

The present market phase in a difficult economic trend requires increasingly determined actions to maintain margins and preserve the company value. In response to this risk, the Company started specific efficiency programmes in 2010 directed to reduce both external and internal costs, through the optimization of several operating processes.

Actions continued in the course of 2011 to implement the efficiency programmes together with the start-up of new initiatives.
The risk that these programmes may be carried out with results lower than expected or over a period of time longer than that fixed could adversely affect margins and company value. In response to this risk, the implementation of efficiency programmes is monitored through strict measures of Program Management.

These programmes also require an accurate process to plan in the medium/long-term the needs of internal and external resources; the lack of such a process may increase the risks connected with the effectiveness and prompt implementation of these programmes.

Changes in the macroeconomic scenario and efficiency objectives

The Ansaldo STS Group, as said above, operates in an international market and is therefore exposed to risks resulting from changes in the global macroeconomic scenario and in the reference markets. Various macroeconomic factors may have an impact on Group activities, such as growth rates in reference markets and public programmes of infrastructure investments.

The present economic recession period, the risk of a decline in the growth rate of the world economy and the programmes, either commenced or announced in several countries, for reducing public deficit might cause the annulment or postponement of contracts, delays in payments, less favourable financial conditions in new contracts, with a negative impact on Group performance.
In response to this risk, control structures have been created for the selection and assessment of commercial opportunities with a systematic and factual approach for the related definition of the contractual conditions in the scope of offer processes.
Specifically, the risk of delay in payments is emerging because of delays in government grants for the projects in progress both in Italy and in some foreign markets. These situations are being monitored constantly and supported by specific initiatives to mitigate the impact thereof. It should be pointed out that, the Group holds a positive financial position and generally has a solid capital and financial structure and a significant order portfolio (about four years of work) to tackle the present difficult economic trend.

Innovation as competitive factor

The businesses where the Group operates - transportation solutions and signalling - are marked by high levels of technological innovation representing an important competitive factor.
It is therefore paramount that the Ansaldo STS Group has the ability to support the present investment policy and to evaluate in a systematic and factual appropriate manner the return on investments in R&D directed to generate innovative solutions.
The Group may not assess in an appropriate manner the innovation needs, the contents of innovation and development projects, the benefits thereof and the resulting priorities, with the risk of not being in line with market needs, of a low economic return on the investment in innovation and on the project and the loss of commercial opportunities.
To mitigate these risks, there are corporate processes for the definition of the product portfolio and for the periodic verification of the technical competitiveness of products.
The characteristics and the already mentioned level of technological innovation pertaining to the products and the technical solutions of the Group determine a risk of obsolescence. Specific processes are being carried out to mitigate that risk effectively.

Link

"Ansaldo STS believes that innovation is an unvarying principle: to improve what is known and develop new solutions that increase transport systems' safety, energy efficiency and eco-compatibility."
> Please see pages 89 and 150 of the 2011 Sustainability Report for further information

Operating risks

Country risk with respect to new markets

The new market penetration policy, especially for higher developed markets, exposes the Group to these risks: the risk of political, social and economic instability, of an incorrect evaluation of local regulations (business, tax, signalling system validation regulations), the difficulty of protecting intellectual property, the fluctuation of exchange rates and the credit standing of the counterparties, with a negative impact on the Group's financial condition. The country risk is assessed during the process for the selection of offers and tenders to take part in. The opportunity to mitigate this risk and the definition of any related actions are taken into consideration when preparing the proposals.
Please refer to the relevant section of this report for the explanation of the status of the job-orders in Libya, suspended because of the riots occurred in the country and the delays recorded by the job-order in Greece exacerbated by the unfavourable economic trend of the country.

Public administration companies and contracts lasting several years

The Group's business mostly depend on public administration companies and, in particular in the transportation solution business, on significant contract lasting several years.

Any delays, changes, reviews or cancellation of one or more acquired relevant contracts lasting several years may adversely affect business and the economic and financial condition of the Group.

Moreover, the evaluation of the contracts lasting several years is based on the state-of-completion method and therefore uses estimates of the costs to be incurred for the completion of activities, of the project risks (technical, legal, tax and commercial) and of the state of completion of the activities.
These estimates are based on assumptions relating to the effects of future events which, given the type and complexity of the projects to be performed, might occur in forms different from those estimated, with a negative effect on the economic and financial performance of the project.
To mitigate these risks, the following should be noted:

- market diversification and monitoring of country and regulation risk;
- structured process of project review with the involvement of the senior management;
- the review and periodic updating of order estimates;
- adoption of Risk Management processes at the offer stage and during the project implementation, and adoption of Lifecycle Management processes based on the constant comparison of physical and accounting progress and phase review processes.

Budget processes and Risk Management project planning

The project team may not be able to perform the project within budget and time constraints, in particular for projects in new markets and complex projects, due to non-efficient project controlling processes; risk management might not be efficient if it is based on incomplete or incorrect information or if it is not adequately defined and monitored.
This risk might cause delays in the identification of the problems for project performance and inaccurate reporting and planning, with a negative impact on the Group's financial condition.
To mitigate this risk, processes have been defined and monitored for controlling the physical and accounting and risk management progress, the clear-cut responsibilities of the Project Manager and the Order Controller, managerial reviews of project performance, processes for the review of estimates of offers and the independent review of the Risk Management function.
Specific initiatives are being carried out in order to structure the Group controlling processes.

Third parties (sub-contractors, sub-suppliers and partners)

In both the business in which the Group operates sub-contractors are widely used to supply sub-systems or assembling and installation services and sub-suppliers of goods or services. The Group's ability to meet its obligations to the customers is then subject to the good performance of the contractual obligations on part of both sub-contractors and sub-suppliers. Their non-performance may cause Ansaldo STS non-performance, with negative impacts on reputation and, unless compensation is possibly sought through remedy actions against sub-contractors and sub-suppliers, on the Group's financial condition.

The Group also completes some orders in partnership with other operators, especially in the transportation solution business. In these forms of partnership, generally each partner is jointly liable to the customer for the construction of the entire work. In case of breach or of damage caused to the customer by one associated operator, Ansaldo STS may have to replace the breaching or damaging party and to fully repay the damage caused to the customer, without prejudice to the right of recourse against the defaulting partner. Any inefficiency or continuation of actions of recourse against the defaulting partners liable for any damages might adversely affect the Group's business and financial condition.

Moreover, as part of the Group's internationalisation strategy, the preliminary assessment and the related selection of partners, sub-contractors and sub-suppliers in new markets might be inadequate, with negative impacts on orders, reputation, financial condition and efficacy of partnership governance (such as difference of partners' opinions, misalignments of risks and costs/benefits for partners individually).
To mitigate this risk, there are processes for selecting and qualifying sub-contractors and sub-suppliers, collaboration with known partners of proven standing, the definition, execution and management of adequate contractual and grouping clauses, risk management processes and the demand, where applicable, of specific guarantees.
In selecting sub-contractors and partners in new markets, these processes are followed through specific scouting activities.
Further actions are being carried out to make more efficient the evaluation of sub-contractors and partners during the offer.

Link

"Ansaldo STS believes that managing the entire supply chain is a critical success factor: it therefore adopts qualification criteria that include respect for the environment, health and safety, and constant monitoring."
> Please see page 142 of the 2011 Sustainability Report for further information

Adequacy and efficiency in developments and technical references

Development projects may not be carried out within budget and time constraints and requirements may not be understood and identified clearly, with a negative impact on margins, delivery times and customer satisfaction. Under certain circumstances, the Group could not be able to have adequate market and operation references for some products, with the risk of losing commercial opportunities or incur in non-compliance in performing the project, with negative effects on the Group competiveness and financial position.

The planning and control of the development activities have been defined in order to ensure that priorities are evaluated properly and time and costs are controlled. The risk of not having adequate references for some new products is carefully assessed during the offer and managed with recovery plans during the construction phase.

Customer or third party liability for defects in the products sold or delays in delivery

The technological complexity and the close times for the delivery of Group products and systems might expose the Group to liability for delayed or lack of supply of products or services in the contract, for their non-compliance with customer requests (for example due to defects in the designing and construction), to defaults and/or delays in marketing, after-sale services and product maintenance and review.
Moreover, many products and systems supplied by the Group are subject to certifications or validations, also released by third parties.
These liabilities may depend on causes that are directly attributable to the Group or third parties, such as sub-suppliers or sub-contractors. In the event that these risks may occur, there could be negative effects on the business and the economic and financial condition and reputation of the Group.
These negative effects may include the incurring of costs for repairing faulty products or in extreme cases the withdrawal of the products from the market.
With regard to these effects, even in the case where specific insurance coverage is applicable, the limit of liability might be exceeded or, when claim occurs, insurance premiums might be increased, with a negative impact on the Group's financial condition.
To mitigate these risks, the Group takes out specific insurance coverage, carefully oversees the engineering, validation and monitoring of returns and, in concert with the Risk Management process, identifies mitigation actions for each project and includes appropriate contingencies in the order estimate.

Legal disputes

The complexity of the relations with third parties (customers, sub-contractors/sub-suppliers and partners), of the content of the systems and products made, and the risks inherent in the business expose the Group to a significant risk of legal disputes. The legal dispute may also concern the tender awards.
The definition of disputes might be complex and be completed in the long-term, causing delays in the implementation of projects with negative effects on the business and the economic and financial condition of the Group.

To mitigate this risk, there risk management processes during the offer and during the management phase, contractual clauses are carefully checked with the support of the legal function and a prudential approach is taken when recognising specific items as a cost of orders and a provision for risks.

Human resources management

The Group provides products and systems with high technological content.
To build them, it is necessary to use human resources with specific preparation that is hard to gather from the market.

The success of the business development plans, in particular in new markets, also depends on the ability to attract, retain and develop the expertise of human resources, especially in order to operate in an international scenario.
To mitigate this risk, human resources management policies are defined that are strictly related with the business needs, in particular at the present stage of business integrated management and expansion in new markets.
An integrated system of management and development of human resources was defined and implemented in the course of 2011. In this context, periodic controls have been made on skills and performances and steps have been taken for the development of skills and the best allocation of resources.

A few existing critical points refer to the adequacy of some organizational roles of the working groups, redefined in the scope of the recent organizational change, that may compromise the achievement of some benefits resulting from the change of corporate processes. Specific initiatives have been taken to strengthen these roles.

Link

"Ansaldo STS seeks to continually improve its training programmes as the basic means of growing its human resources and increasing their skills."

> Please see page 112 of the 2011 Sustainability Report for further information

Development, safety and environment compliance

The Group is subject to health, safety and environment regulations in the various countries in which it operates.

The non-compliance with these rules as a result of operating processes that are not adequately monitored or, in particular in new markets, of a non-adequate evaluation of these compliance requirements might expose the Group to risks with significant impacts on the business, the economic and financial condition and the reputation of the Group.

To mitigate this risk, the Group adopts health, safety and environment management systems aiming at ensuring the stringent compliance with rules in accordance with best practices and subject to internal and external monitoring. These management systems are certified - in compliance with the OHSAS 18001 standard on work safety and the ISO14001 standard on environment - in some of the main companies of the Group. A programme is being implemented to extend these certifications to the main Group companies.

The requirements of new markets are evaluated during the offer and support is guaranteed also through external consultants. Common policies and procedures have been defined in order to guarantee consistent conducts across the various companies of the group, also taking account of the specific local requirements.

Link

"Carbon Disclosure Project: with 79 points out of 100, Ansaldo STS was among the top 10 companies in Italy for its commitment to protecting the environment and reducing climate change."

> Please see page 160 of the 2011 Sustainability Report for further information

"Ansaldo STS works constantly to provide and maintain a healthy and safe workplace, and prevent accidents, illness or health problems in its staff, suppliers, clients and visitors."

> Please see page 179 of the 2011 Sustainability Report for further information

Financial risks

Ability to finance a high level of current assets and to obtain guarantee

To perform contracts the Group requires:

- the financing of an adequate level of current assets;
- the issue of bank and/or insurance guarantees in favour of the customer during the various stages of the projects (bid bond, advance payment bond, performance bond, retention money bond, warranty bond) and/or guarantees issued by the Parent Company (parent company guarantee).

Current assets are normally financed using the sums paid by the customer as advance and payment related with the state of progress of works.

The ability to obtain guarantees in cheap conditions depends on the economic and financial assessment of the Group. This is generally linked to various assessment indices including the analysis of the balance sheet, the income statement and the cash flow statement of the Group, the analysis of the risk of the order, the expertise and competitive positioning in the business. Ansaldo STS believes it can comply with the relevant assessment indices. At 31 December 2011 the Group's exposure for guarantees stood at EUR 2,857,361 thousand (EUR 2,314,756 thousand at 31 December 2010).

In the case of difficulties in negotiating adequate financial conditions, delays and/or interruptions in payments and the worsening of the terms of payment agreed, or if the ability of the company to obtain guarantees should cease to obtain or be reduced in cheap conditions, the Group's business and economic and financial condition would be adversely affected.

To mitigate these risks, there are order commercial and management policies dealing with financial aspects, treasury centralised management allowing the optimisation of the financial flows of the various companies of the Group, the economic and financial standing of the Group and the monitoring of the indices assessing the order. These policies are applied from the offer stage.

In the current economic and market phase, the working capital is increasing (though always negative) and the cash flow is decreasing. This was caused by the suspension of the job-order in Libya because of delays in the collections and a corresponding increase in overdue, determined by the delays in government grants for projects in progress both in Italy and in some foreign markets. These situations are being monitored constantly and supported by specific initiatives to mitigate the impact thereof.

Project Financing transactions and PPP (public and private partnership)

The market is increasingly outsourcing the definition and management of a financing scheme to the transport system providers, by means of Project Financing transactions, also with the involvement of private lenders.

These transactions have various risk profiles, such as the inaccurate preparation and review of the tender documentation and the inappropriate evaluation of partners, which might lead the Group to take improper risks. Non-performance during construction, in particular regarding construction times, and during the operation and maintenance stage might trigger the enforcement of escape clauses and the non-remuneration or the loss of the capital invested. Moreover, the market wants the supplier to be more involved in the management of the plant, with a consequent increase in the risk profile of the operation. These risks might adversely affect the Group's financial condition.

To mitigate this risk, there are the offering process, where all the company functions concerned are involved for an accurate evaluation of the operation, and the above said risk assessment processes upon the offer, which can be also applied to potential partners.

Disclosure risks

Management of information systems

Information systems represent an essential component of the company operating structure and are required to be managed in line with the Group's strategic objectives. IT solutions that do not meet the business needs, or upgrades of these IT solutions not in line with the users' needs, as well as a non-efficient system management might impair the efficient performance of the Group's business.

Moreover, the non-availability or interruption of IT services, the loss or damage of data, also due to external attacks, might adversely affect the Group's business.

To mitigate this risk, IT policies are defined in correlation with organizational and process change initiatives and the group has a governance system that is based on best practices and follows structured and monitored processes for the management of the infrastructure and the applications.

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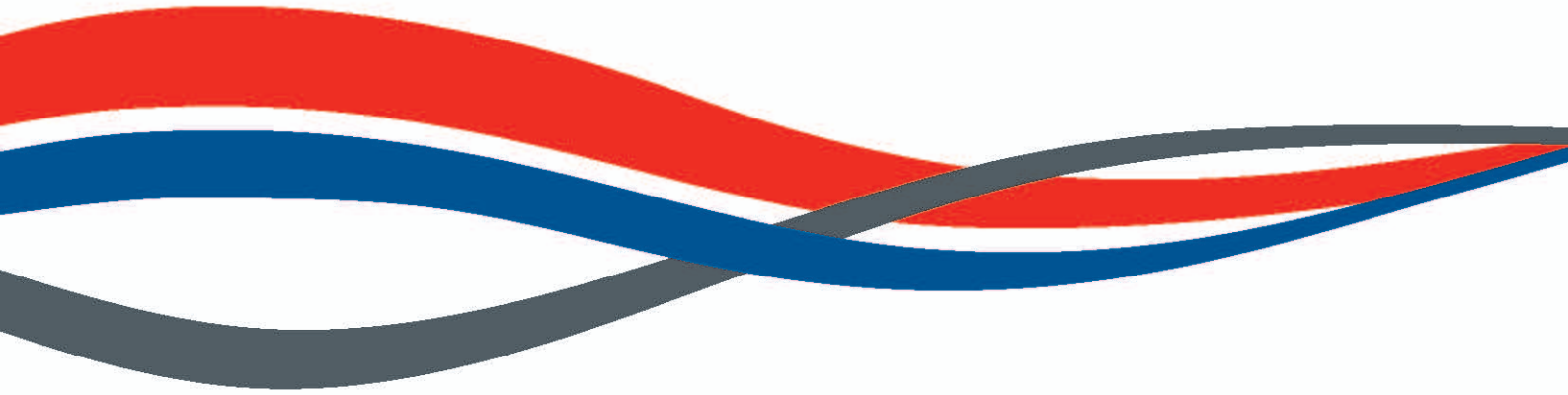


CONSOLIDATED ANNUAL REPORT
AT 31 DECEMBER 2010

2 Economic performance and Group financial situation

2.1 Introduction

At 31 December 2010 the Ansaldo STS Group posted net profit EUR 94,908 thousand compared with EUR 87,800 thousand for the same period last year. Revenues at 31 December 2010 were EUR 1,283,710 thousand compared with EUR 1,175,640 thousand at 31 December 2009. The Group operating revenues stood at 10.7%, as in 2009.

Orders at 31 December 2010 amounted to EUR 1,985,012 thousand from EUR 1,786,071 thousand at 31 December 2009, up EUR 198,941 thousand.
It is thus noted that:

- Acquisitions of EUR 1,142,756 thousand are recorded for the Transportation Solutions Business Unit, mainly related to the award of the tender for the construction of the new "Ring" Copenhagen Metro (EUR 344,400 thousand), the contract for operation and maintenance (EUR 232,400 thousand) and the acquisition of the contract for the operation and maintenance of the existing lines of Copenhagen (EUR 221,500 thousand).
- Acquisitions of EUR 890,205 thousand are recorded for the Signalling Business Unit, mainly related to the contract for the Libyan Sirth-Bengazi railway line (EUR 201,800 thousand), to contracts acquired in Italy for EUR 199,500 thousand and to the contracts acquired in the US, Brazil, China and Australia for the remaining amount.

The value of backlog at 31 December 2010, equal to EUR 4,551,127 thousand, reflects the performance of acquisitions and rose by 21% from that for the end of 2009, which amounted to EUR 3,759,671 thousand.

The data outlined above are evidence of a fiscal year that can be considered satisfactory overall from the standpoint of the company's growth, profitability, and capital and financial solidity.
The actions undertaken and results achieved during the year paved the way for the continuation of a positive trend for the Group also for the near future.
More specifically, as regards the Transportation Solutions Business Unit, due to the exceptionally large orders acquired in the previous years, together with an excellent level of acquisitions for the period at issue, the backlog exceeded the already significant amount of the end of 2009 standing at EUR 2,721,540 thousand. This paves the way for significant development of this business over the next three years. As far as the Signalling Business Unit is concerned, the year 2010 was marked by a sizeable geographic expansion of the potential market, which has already yielded important results in terms of the acquisition of new orders in particularly important business segments and countries. The backlog of the Signalling Business Unit at 31 December 2010 stood at EUR 2,090,584 thousand (EUR 1,980,191 thousand at 31 December 2009).
The solid knowledge already acquired (ERTMS and ATC driverless) and the expertise being consolidated (CBTC) in the strategic technologies of the sector, the peculiar geographic distribution of the Group business at global level, and the additional efforts of commercial penetration in the new areas characterised by high growth rates (Central and Eastern Europe, and Middle and Far East) confirm the Group's favourable competitive positioning and make it possible to look to the future with reasonable serenity, unless the political or macroeconomic scenario is upset by events that cannot be determined with certainty at the moment.

The last strategic plan prepared by the company and made known to the financial community in December 2010 is based on the assumption that orders and revenues will further develop during the next three years. This is credible, first of all because estimates for the reference market are growth estimates (made by the most credited analysts at an annual average rate of 4.5%), and secondly because the organisation has a factual possibility of increasing its market share, due to its particular business model and competitive, technological and presence advantages on the above said international markets.
With these positive prospects, some possible threats are also to be considered. First of all, competition is rising, due to market globalisation and product standardisation. To address the effects of the resulting contraction of selling prices, the company launched a programme for the reduction of both external and internal costs, in order to protect unit margins for the coming years.
Potentially more serious, because it is difficult to control, is the threat of the deterioration of the political and macroeconomic scenario, especially in the emerging markets, whose penetration has been recently the focus of the most significant efforts of the company, such as in the Middle East, in particular in Libya.
The development of destabilisation events occurring as we are preparing these financial statements and the consequences on the business prospects of Ansaldo STS are difficult to estimate, at least at present.

As regards the company structure and Group governance, the following should be noted:

- During December 2009 a new company was incorporated in Brazil under the name "Ansaldo STS Sistemas de Transporte e Sinalização Ltda.", whose share capital was subscribed during 2010. The company was consolidated using the equity method.
- The Chinese subsidiary "Ansaldo Railway System Technical Service (Beijing) Ltd." changed its company name into "Ansaldo System Trading (Beijing) Ltd.".
- Starting December 2010 Kazakhstan TZ-Ansaldo STS LLP (a joint venture subject to common control, as envisaged in the shareholders' agreement) incorporated with JSC Remlokomotiv, was consolidated using the proportionate method. The ownership percentage was 49%.
- During the year, Ansaldo STS through its subsidiary Ansaldo STS Australia acquired from Corridor Infrastructure Development Holdings (Pty) Ltd 49.3% of the shares held by the latter in Ansaldo STS-Infradev South Africa (Pty) Ltd., therefore holding 100% of the shares in the South African company. On 21 June 2010 the company changed its company name into "Ansaldo STS South Africa (Pty) Ltd".

From the organisational point of view, the year 2010 was marked by the full implementation of the Fast Forward Driven by Business (FFDB) project, determined in 2008 and detailed throughout 2009, a project that transformed Ansaldo STS S.p.A. from the original financial and strategic holding company into an operating company, which encompasses all the business responsibilities. This process commenced in 2009 with the merger of the former Italian subsidiaries Ansaldo Segnalamento Ferroviario S.p.A. and Ansaldo Trasporti Sistemi Ferroviari S.p.A., and in 2010 was extended to all the Group world transactions, previously managed by the foreign affiliates with broad levels of independence. Under the new organisation structure, Ansaldo STS S.p.A. hinges on the two divisions in charge of the Signalling and the Transportation Solutions Business Units, the Standard Platforms and Products Business Unit and all the staff functions. As a result, all the decision-making and operating processes have been concentrated in Ansaldo STS S.p.A. globally. The role of the foreign affiliates is to ensure compliance with local rules and assist in the implementation of the global strategy. The main objective is to ensure the maximum Group efficiency and efficacy in a competitive scenario marked by increasingly evident globalisation events.

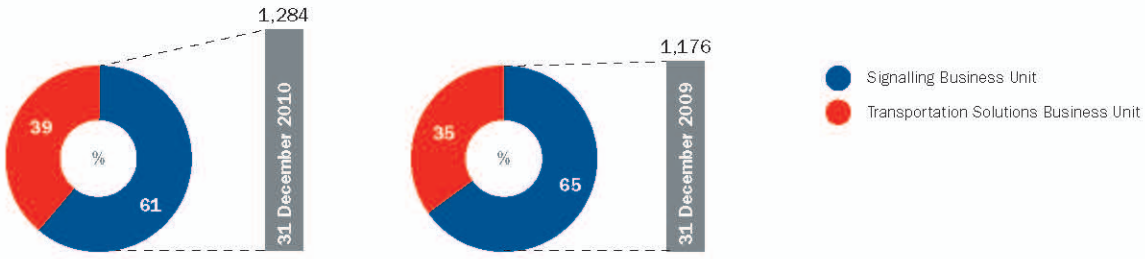
Group key figures (EUR thousand)	31.12.2010	31.12.2009	Change
Orders	**1,985,012**	1,786,071	198,941
Order backlog	**4,551,127**	3,759,671	791,456
Production Revenues	**1,283,710**	1,175,640	108,070
Ebit	**137,065**	125,052	12,013
Adjusted EBIT	**139,411**	126,547	12,864
Net profit	**94,908**	87,800	7,108
Net working capital	**(154,253)**	(187,118)	32,865
Net invested capital	**63,311**	22,675	40,636
Net financial position (liquidity)	**(318,150)**	(278,861)	(39,289)
Free Operating Cash Flow	**65,983**	114,428	(48,445)
R.O.S.	**10.7%**	10.6%	0.1 p.p.
R.O.E.	**27.8%**	32.5%	-4.7 p.p.
E.V.A.	**94,162**	84,553	9,609
Research and Development	**34,827**	31,178	3,649
Workforce (no.)	**4,217**	4,339	(122)

The year 2010 ended with net consolidated profit of EUR 94,908 thousand, as compared with EUR 87,800 thousand the prior year. The increase of EUR 7,108 thousand stems from the rise in EBIT of EUR 12,013 thousand, the increase in net financial charges of EUR 3,595 thousand and greater taxes of EUR 1,310 thousand.
In line with objectives, production revenues rose by 9.2% from EUR 1,175,640 thousand in 2009 to EUR 1,283,710 thousand in 2010, with an increase, in absolute value, of EUR 108,070 thousand.

For the Signalling Business Unit, production revenues rose by EUR 36,853 thousand from EUR 804,978 thousand in 2009 to EUR 841,831 thousand in 2010.

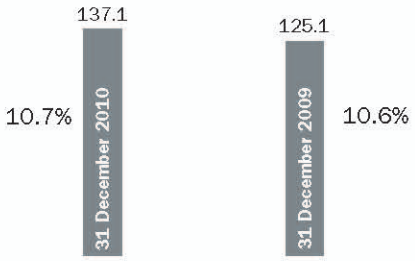
For the Transportation Solutions Business Unit, production revenues rose by EUR 87,318 thousand from EUR 417,130 thousand in 2009 to EUR 504,448 thousand in 2010.
A greater number of items than in 2009 were eliminated between the two Business Units by EUR 16,101 thousand (reference should be made to section 14 for more details).

Production Revenues by Business Unit at 31 December 2010 – 2009 (EUR thousand)



EBIT amounted to EUR 137,065 thousand from EUR 125,052 thousand from the previous year. The profit margin was 10.7% from 10.6% in 2009.
In particular:
- Signalling ended 2010 with operating profit of EUR 104,232 thousand, compared with EUR 98,992 thousand for the prior year, an increase of EUR 5,240 thousand;
- The Transportation Solutions Business Unit at 31 December 2010 posted operating profit of EUR 46,294 thousand compared with EUR 43,111 thousand of the prior year, an increase of EUR 3,183 thousand.

EBIT and ROS at 31 December 2010 – 2009 (EUR thousand)



In order to provide additional information on the Group's operating results, financial condition and cash flow, the restated income statement, balance sheet, net financial debt, and statement of cash flows are provided below.

Income Statement (EUR thousand)	31.12.2010	31.12.2009
Revenue (*)	1,283,710	1,175,640
Production Revenues	**1,283,710**	**1,175,640**
Raw materials and consumables used and personnel costs (**)	(1,136,762)	(1,041,400)
Amortisation and depreciation	(13,215)	(11,825)
Impairment	(6,430)	(1,819)
Other net operating income (expenses) (***)	9,770	5,701
Change in inventories of work in progress, semi-finished and finished goods	2,338	250
Adjusted EBIT	139,411	126,547
Restructuring costs	(2,346)	(1,495)
EBIT	**137,065**	**125,052**
Net finance income (costs)	(3,854)	(259)
Income taxes	(38,303)	(36,993)
Net Profit (Loss)	**94,908**	**87,800**
Equity holders of the Company	*94,592*	*87,756*
Minority interests	*316*	*44*
Earnings per share		
Basic and Diluted	*0.79*	*0.73*[1]

1. Redetermined following the free share capital increase of 5 July 2010.

Notes for reconciling the reclassified Income Statement and the Income Statement:
(*) Includes "Revenue" and "Revenue from related parties".
(**) Includes "Costs from related parties", "Raw materials and consumables used", "Purchase of services" and "Personnel costs", less "Work performed by the Group and capitalised".
(***) Includes the net amount of "Other operating income", "Other operating income from related parties", "Other operating expenses" and "Other operating expenses from related parties".

Balance Sheet (EUR thousand)	31.12.2010	31.12.2009
Non-current assets	263,747	252,010
Non-current liabilities	(46,183)	(42,217)
	217,564	**209,793**
Inventories	127,632	99,178
Contract work in progress	216,928	151,146
Trade receivables	624,808	526,500
Trade payables	(403,133)	(248,168)
Advances from customers	(657,150)	(651,950)
Working capital	**(90,915)**	**(123,294)**
Provisions for short-term risks and charges	(22,417)	(27,726)
Other net assets (liabilities) (*)	(40,921)	(36,098)
Net working capital	**(154,253)**	**(187,118)**
Net invested capital	**63,311**	**22,675**
Capital and reserves attributable to equity holders of the Company	380,411	300,897
Minority interests in equity	1,050	639
Shareholders' equity	**381,461**	**301,536**
Net financial debt (liquidity)	**(318,150)**	**(278,861)**

Notes for reconciling the reclassified Balance Sheet and the Balance Sheet:
(*) Includes "Income tax receivables", other current receivables from related parties (carried under "Current receivables from related parties") and "Other current assets", less "Income tax payables", other current payables from related parties (carried under "Current payables to related parties"), "Other current liabilities", except for financial receivables from related parties (carried under "Current receivables from related parties").

Net invested capital amounted to EUR 63,311 thousand compared with EUR 22,675 thousand in the previous year. The change of EUR 40,636 thousand is due to the increase in non-current items of EUR 7,771 thousand and in net working capital of EUR 32,865 thousand. The change in net working capital is due to the increase in inventories of work in progress and trade receivables and the rise in trade payables.
The net financial position (mainly financial receivables and cash and cash equivalents on borrowings) was EUR 318,150 thousand as compared with EUR 278,861 thousand in 2009, an increase of EUR 39,289 thousand after the payment of dividends of EUR 30,982 thousand (EUR 26,971 thousand in 2009). The financial position at 31 December 2010 (EUR 318,510 thousand) includes EUR 70,643 thousand for the advance payment collected by the Russian customer Zarubezhstroytechnology for the project, recently signed, for the construction of signalling, automation, telecommunications, power supply, security and ticketing systems on the line linking Sirth to Benghazi in Libya.

2.2 Financial Situation

(EUR thousand)	31.12.2010	31.12.2009
Short-term borrowings	3,089	12,187
Medium and long-term borrowings	1,115	2,881
Cash and cash equivalents	(153,320)	(128,541)
BANK DEBT (LIQUIDITY)	**(149,116)**	**(113,473)**
Financial receivables from related parties	(149,150)	(152,792)
Other financial receivables	(21,212)	(14,100)
FINANCIAL RECEIVABLES	**(170,362)**	**(166,892)**
Borrowings from related parties	-	-
Other short-term borrowings	822	353
Other medium- and long-term borrowings	506	1,151
OTHER BORROWINGS	**1,328**	**1,504**
NET FINANCIAL DEBT (LIQUIDITY)	**(318,150)**	**(278,861)**

Cash and cash equivalents at 31 December 2010 came to EUR 153,320 thousand.

Cash Flow Statement at 31 December 2010 was broken down as follows:

Statement of Cash Flows (EUR thousand)	31.12.2010	31.12.2009
Cash and cash equivalents - opening balance	**128,541**	**71,536**
Gross cash flow from operating activities	164,994	145,798
Changes in other operating assets and liabilities	(50,311)	(35,044)
Funds From Operations	**114,683**	**110,754**
Change in working capital	(41,717)	12,203
Cash flow from (used in) operating activities	**72,966**	**122,957**
Cash flow from ordinary investing activities	(6,983)	(8,529)
Free Operating Cash Flow	**65,983**	**114,428**
Strategic investments	-	(3,210)
Other changes in investing activities	-	-
Cash flow from (used in) investing activities	**(6,983)**	**(11,739)**
Dividends paid	(30,982)	(26,971)
Cash flow from financing activities	(12,795)	(26,894)
Cash flow from (used in) financing activities	**(43,777)**	**(53,865)**
Translation differences	**2,573**	**(348)**
Cash and cash equivalents - closing balance	**153,320**	**128,541**

The year 2010 ended with net increase of EUR 24,779 thousand in cash and cash equivalents over the same period of the prior year.

The following are the main changes in the Statement of Cash Flows:
- cash flow from operations of EUR 72,966 thousand, a decrease on the same period the preceding year by EUR 49,991 thousand, mainly due to the change in working capital, which is affected by the rise in trade receivables (EUR 98,308 thousand), work in progress (EUR 65,782 thousand) and inventories (EUR 28,454 thousand) partly offset nu the increase in trade payables (EUR 154,965 thousand);
- cash flow used in investing activities was EUR 6,983 thousand, down EUR 4,756 thousand from the same period of the prior year (EUR 11,739 thousand at 31 December 2009);
- cash flow used in financing activities was EUR 43,777 thousand as compared with EUR 53,865 thousand generated at 31 December 2009; the change is mainly due to the decrease in Group receivables in the December 2010 - December 2009 period as compared with the decrease in the December 2009 – December 2008 period. The decrease was also due to greater dividends paid: EUR 30,982 thousand in 2010, EUR 26,971 thousand in 2009.

The Free Operating Cash Flow (FOCF) before strategic investments for the period at issue amounted to EUR 65,983 thousand from EUR 114,428 thousand at 31 December 2009; the change amounted to EUR 48,445 thousand, as analysed above.

2.3 Alternative non-GAAP performance indicators

The management of Ansaldo STS (hereinafter also ASTS) assesses the Group's earnings and financial performance and that of its business segments based on a number of indicators that are not envisaged by the IFRSs.
As required by Communication CESR/05-178 b, below is a description of the components of each of these indicators:
- ***EBIT:*** the aggregate signifies earnings before taxes and finance income and costs, with no adjustments. Ebit also does not include costs and income resulting from the management of unconsolidated equity investments and other securities, nor the results of any sales of consolidated shareholdings, which are classified on the financial statements either as "finance income (costs)" or, for the results of equity investments accounted for with the equity method, under "share of profit (loss) of equity accounted investments".
- ***Adjusted (Adj) EBIT:*** It is arrived at by eliminating from EBIT (as defined above) the following items:
  - any impairment in goodwill;
  - amortisation of the portion of the purchase price allocated to intangible assets in relation to business combinations, as required by IFRS 3;
  - restructuring costs that are a part of significant, defined plans;
  - other exceptional costs or income, i.e. connected to particularly significant events that are not related to the ordinary performance of the business.

The reconciliation between EBIT and Adjusted EBITA for the periods compared is presented hereunder:

(EUR thousand)	**2010**	2009
Earnings before income taxes, net finance income and costs and share of results of equity accounted investments (EBIT)	137,065	125,052
Impairment of goodwill	-	-
Amortisation of intangible assets acquired through a business combination	-	-
Restructuring costs	2,346	1,495
Total exceptional costs (income)	-	-
Adjusted EBIT	**139,411**	**126,547**

- ***Free Operating Cash-Flow (FOCF):*** This is the sum of the cash flow generated by (used in) operating activities and the cash flow generated by (used in) investment and divestment of intangible assets, tangible assets, and equity investments, net of cash flows from the purchase or sale of equity investments that, due to their nature or significance, are considered "strategic investments". The calculation of FOCF for the periods concerned is presented in the reclassified statement of cash flows shown in section 2.2.
- ***Funds From Operations (FFO):*** This is cash flow generated by (used in) operating activities, net of changes in working capital. The calculation of FFO for the periods concerned is presented in the reclassified statement of cash flows shown in section 2.2.
- ***Economic Value Added (EVA):*** This is calculated as EBIT net of taxes and the cost of the average value of invested capital for the two periods concerned and measured on a weighted-average cost of capital (WACC) basis.
- ***Operating Working Capital:*** includes trade receivables and payables, work in progress, advances from customers and provisions for risks and charges.
- ***Net Working Capital:*** this is represented by operating working capital less other current assets and liabilities.
- ***Net Invested Capital:*** this is the algebraic sum of non-current assets, non-current liabilities and Net Working Capital.
- ***Net financial debt (liquidity) or Net financial position:*** the template for calculation is consistent with the one in section 127 of the CESR/05-054b recommendations implementing EC Regulation 809/2004.
- ***Orders:*** This is the sum of the contracts executed with contractors during the year which have the contractual characteristics for being booked to the order book.
- ***Order backlog:*** This is the difference between the orders acquired and production revenues for the period of reference, net of the change in contract work in progress. This difference is added to the portfolio of the prior period.
- ***Workforce:*** This is the number of employees reported on the last day of the period concerned.
- ***Return on Sales (ROS):*** This is the ratio between EBIT and revenues.
- ***Return on Equity (ROE):*** this is calculated as the ratio between the net profit and the average value of shareholders' equity for the two periods concerned.
- ***Research and Development costs:*** this is the sum of costs sustained for R&D expensed and sold. The costs for research expenses are normally referable to the so-called "basic technology", i.e. rights to the attainment of new scientific knowledge and/or techniques applicable to different new products and/or services. The costs of research sold are those commissioned by the customer against which a specific sale order exists and which have accounting and operational treatment identical to ordinary supply (sale contract, profitability, invoicing, advances, etc.).

2.4 Transactions with related parties

Transactions with related parties concern activities in the ordinary course of business and are carried out at arm's length (where they are not governed by specific contractual conditions), as is the settlement of interest-bearing payables and receivables. These transactions mainly relate to the exchange of goods, the performance of services and the generation and use of net cash from and to associated companies, held under common control (joint ventures), consortia, and unconsolidated subsidiaries. There are no transactions qualifying as atypical and/or unusual[1].

1. as defined in CONSOB communication no. DEM/6064293 of 28 July 2006.

Below are the amounts of transactions with related parties (a breakdown is shown in Notes 15 and 16) at 31 December 2010 and 2009.

31.12.2010 (EUR thousand)	**Parent company**	**Unconsolidated subsidiaries**	**Associates**	**Joint Ventures (*)**	**Consortiums (**)**	**Other Group**	**Total**
Non-current receivables							
- financial	-	-	-	-	-	-	**-**
- other	-	-	1,006	-	-	-	**1,006**
Current receivables							
- financial	635	-	-	-	-	148,515	**149,150**
- trade	27	5,700	29,129	-	39,964	10,187	**85,007**
- other	145	-	-	-	1,365	54	**1,564**
Non-current payables							
- financial	-	-	-	-	-	-	**-**
- other	-	-	-	-	-	-	**-**
Current payables							
- financial	-	-	-	-	-	-	**-**
- trade	468	6,003	2,822	5,454	1,092	38,280	**54,119**
- other	-	3	-	-	24	-	**27**
Guarantees	**-**	**-**	**-**	**-**	**-**	**-**	**-**

31.12.2010 (EUR thousand)	**Parent company**	**Unconsolidated subsidiaries**	**Associates**	**Joint Ventures (*)**	**Consortiums (**)**	**Other Group**	**Total**
Revenues	-	5,599	30,139	2,854	36,139	14,481	**89,212**
Other operating revenues	-	3	7	-	-	41	**51**
Costs	2,565	9,904	48,575	10	2,840	54,182	**118,076**
Finance income	1	-	-	-	-	718	**719**
Finance costs	124	-	-	727	-	-	**851**
Other operating costs	-	-	-	-	-	59	**59**

(*): amounts refer to the portion not eliminated for proportionate consolidation
(**): consortiums over which the Group exercises considerable influence or which are subject to joint control.

31.12.2009 (EUR thousand)	Parent company	Unconsolidated subsidiaries	Associates	Joint Ventures (*)	Consortiums (**)	Other Group	Total
Non-current receivables							
- financial	-	-	-	-	-	-	**-**
- other	-	-	-	-	-	-	**-**
Current receivables							
- financial	1,282	-	-	-	-	151,510	**152,792**
- trade	-	3,892	34,188	783	84,634	7,157	**130,654**
- other	336	-	-	-	1,364	54	**1,754**
Non-current payables							
- financial	-	-	-	-	-	-	**-**
- other	-	-	-	-	-	-	**-**
Current payables							
- financial	-	-	-	-	-	-	**-**
- trade	324	2,651	1,983	1,687	1,537	12,342	**20,524**
- other	-	3	-	-	24	414	**441**
Guarantees	**216,284**	**-**	**-**	**-**	**-**	**-**	**216,284**

31.12.2009 (EUR thousand)	Parent company	Subsidiaries	Associates	Joint Ventures (*)	Consortiums (**)	Other Group	Total
Revenues	-	10,140	26,734	2,668	85,376	12,028	**136,946**
Other operating revenues	-	-	24	-	-	69	**93**
Costs	2,342	10,756	49,035	(368)	4,441	21,916	**88,122**
Finance income	1	-	-	-	-	1,937	**1,938**
Finance costs	178	-	-	(237)	-	-	**(59)**
Other operating costs	-	-	-	-	-	17	**17**

(*): amounts refer to the portion not eliminated for proportionate consolidation
(**): consortiums over which the Group exercises considerable influence or which are subject to joint control

Within the Group rules of corporate governance, specific conduct guidelines were identified to ensure that transactions with related parties are carried out in compliance with methods of procedural and substantial fairness.
All the transactions made with the Parent Company and the related parties were at arm's length.

CORE VALUES

CODE OF ETHICS

AnsaldoSTS
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ANNEX– IMPLEMENTATION OF THE CODE OF ETHICS IN ANSALDO STS S.PA. 14

Introduction

The Ansaldo STS Group requires the members of its governance and control bodies, its executives, employees, including those of directly or indirectly owned group companies, and all those who entertain contractual relationships that permit Ansaldo STS to require compliance (the "Recipients") to act with integrity and with respect for the laws and regulations in their respective jurisdictions.

Ansaldo STS adopts and disseminates this Code of Ethics, requiring all Recipients to comply.

The Code of Ethics is a fundamental component of the internal control system, the compliance of which allows Ansaldo STS and companies of the Group to prevent the commission of certain acts or offences proscribed by the laws and regulations of the various jurisdictions in which the Ansaldo STS Group operates.

Ansaldo STS is a multinational industrial group, is listed on the Italian stock exchange, and operating world-wide in a leadership position in the railway and underground transportation sector, to provide innovative solutions whichoffer the best possible combination of safety, efficiency and return on investments.

The Ansaldo STS Group bases its activity on ethical values, compliance with which is critical to the achievement of corporate goals and success in the market and influences the relationships with any parties with an interest in Ansaldo STS (the so called "stakeholders").

This Code of Ethics, therefore, shall be observed by the members of the governance and control bodies, executives, employees, the corporate representatives of directly or indirectly controlled companies, as well as by workers with which Ansaldo STS maintains contractual relationships of any kind, including occasional and/or temporary ones, and by those with whom the Ansaldo STS Group entertains contractual relationships that permit Ansaldo STS to require compliance.

These "Recipients" of the Code of Ethics, in pursuit of their objectives, are expected to act with integrity and with respect for applicable laws and regulations. They take responsibility for any violation of the Code of Ethics, both towards Ansaldo STS and outside, even if such violation does not result in any third party liability for Ansaldo STS.

The Recipients are required to know and are expected to observe the Code of Ethics in the interest of transparency and reputation of the Group. Recipients are also required to enforce these ethical principles within the scope of their responsibilities and functions. Ansaldo STS, through its directors, executives and employees, undertakes to adopt and update the Code of Ethics and to make it known to all those with whom it has business relationships.

The Code of Ethics is a fundamental component of the internal control system. It therefore affirms the principles and rules of conduct, respect for which allows Ansaldo STS and companies of the Group to prevent the commission of certain acts or offences by corporate representatives proscribed by the laws and regulations of the various jurisdictions in which the Ansaldo STS Group operates. As an example, in Italy reference is made to the set of rules of Legislative Decree 231/2001 and to the Organizational, Management and Control Model adopted by the holding company Ansaldo STS S.p.A.

Ansaldo STS promotes the dissemination of the Code of Ethics among the Group's companies. All Ansaldo STS Group companies shall adopt the Code of Ethics after adaptation in accordance with prevailing laws and regulations.

The "CORE VALUES" of Ansaldo STS

Ansaldo STS bases its activity on the following values shared by all those who work within the global organization:

- Customer focus
- Innovation and excellence
- People
- Team spirit
- Integrity

Ansaldo STS bases its corporate operation on a solid ethical foundation consisting of fundamental values and principles.

All persons within the company organization are expected to share such culture and the same moral commitment in pursuing it, embracing entirely the principles expressed herein.

The values in which Ansaldo STS believes and which inspire its business are the following:

Customer Focus:
Ansaldo STS exists thanks to its customers and the extent to which the Company is able to understand and satisfy their needs and expectations and help them solve related problems.

Innovation and Excellence:
Ansaldo STS is a group which is oriented to the continuous technological progress and to the creation and implementation of cutting edge solutions. This is the essential basis of Ansaldo STS's competitiveness in an international market open to global competition.

People:
Customer satisfaction and new product development come from the ability of dedicated professionals. For this reason, Ansaldo STS is a company founded on people, supporting their professional growth and rewarding those who seek and foster the success of the Company. Ansaldo STS operates worldwide and respects the culture of every country. All people within the Company's organization shall endeavour to make Ansaldo STS a place where one is proud to work, where one can learn, and where one can achieve and celebrate success.

Team Spirit:
The Company's operational objectives cannot be achieved by individuals acting alone; thus the Company's employees are able and willing to work together with colleagues within an integrated global organization.

Integrity:
To work together effectively, people must foster mutual trust, which is possible only if all work and behave in a honest, loyal and reliable manner, in complete abidance with the rules. Likewise, customers must be absolutely certain that integrity is a fundamental value for Ansaldo STS, which is reflected in product offerings characterized by the utmost care and attention to safety issues.

General Principles

Integrity and respect for law are fundamental ethical principles with which the Recipients must comply in the performance of their activities and their behaviour.

The Group's directors and executives with their behaviour shall be an example for all employees and co-workers of Ansaldo STS.

Ansaldo STS operates in accordance with applicable regulations, implementing procedures to counteract all forms of illegal activity and demanding complete abidance with the rules of conduct by the Recipients as a requirement for their work.

Ansaldo STS promotes the continuous innovation and excellence, investing in research and development and supporting a corporate culture aimed towards constant innovation.

Ansaldo STS regards the environment as a primary asset to be protected and conducts its activities to this end. The Recipients are bound within the scope of their respective competencies to comply with the relevant laws and regulations and the company procedures in relation to the environment.

Ansaldo STS adopts a system of Corporate Governance inspired by the highest standards of transparency and propriety in business management, in accordance with the laws of the Italian financial markets supervisory authority - Consob – and the Italian Stock Exchange and the laws and regulations of the jurisdictions in which the Company operates.

Ansaldo STS actions and communication are inspired by the principle of transparency, being accountable for its choices and guaranteeing the truthfulness, accuracy and completeness of business information both within and outside the company, in abidance with adequate levels of protection of confidential or inside information.

Ansaldo STS ensures the efficient management of company risks.

The Recipients of the Code of Ethics are required to act with integrity and in compliance with applicable laws and regulations.

Ansaldo STS promotes and implements a corporate culture inspired by responsibility, fairness and ethics in carrying out daily activities and the utmost attention is paid to the Recipients' conduct. Ansaldo STS's directors and executives with their behaviour shall be an example for all employees and co-workers of Ansaldo STS, respecting the Code of Ethics, corporate procedures and rules, promoting the dissemination thereof among the employees and urging them to submit requests for clarification or proposals for updating them where necessary. The directors shall actively propose and implement projects, investments and industrial and managerial actions useful for maintaining and increasing the economic, technological and professional assets of the Company.

Ansaldo STS operates in accordance with local, national and international regulations, implementing procedures to prevent all forms of illegal activity and demanding complete abidance with the rules of conduct, as also provided by the company procedure, by the Recipients as a requirement for their work. The Recipients are therefore required to be familiar with and observe the laws and regulations in force in every country in which Ansaldo STS operates. This obligation also includes attention towards and observance of the regulations on competition, both in the national and international market. All Recipients' transactions with Public Institutions and Authorities must be marked by the highest degree of fairness, transparency and cooperation, in full observance of applicable laws and regulations and of their institutional roles.

The Recipients, within the scope of their respective competencies and functions, are bound to strict compliance with corporate procedures. These regulate the conduct of operations and corporate transactions in such a way so as to make it possible to identify the persons responsible for corporate decision-making, authorization and conduct of operations. Through compliance with corporate procedures, the traceability of each process related to corporate activity must be ensured, so that it is possible to reconstruct the motives behind the decisions made, the persons responsible and any relevant factors for the purpose of assessing the propriety of the choices made.

AnsaldoSTS promotes continuous innovation and excellence, investing in research and development and supporting a corporate culture aimed towards constant innovation, both through the enhancement of our technological assets and the participation of our people in the creation of new ideas and the testing of new applications.

Ansaldo STS regards the environment as a primary asset to be protected for the benefit of future generations and manages its activities to this end, seeking a balance between economic initiatives and environmental protection requirements as well as compliance with relevant laws and regulations. Ansaldo STS operates in full compliance with environmental laws and regulations and requires the same compliance to the Recipients. Therefore they are bound within the scope of their respective competencies to comply with the relevant laws and regulations and the company procedures in relation to the environment.

Ansaldo STS adopts a Corporate Governance system inspired by the highest standards of transparency and fairness in business management. This corporate governance system complies with the provisions of the law and with the regulations of the Italian financial markets supervisory authority - Consob – and the Italian Stock Exchange, and is also in line with the content of the Italian Stock Exchange's Self-regulatory Code for listed companies - voluntarily adopted by Ansaldo STS - and with international best practice. Such a corporate governance system aims at maximising value to the benefit of shareholders, controlling enterprise risks, maintaining transparency towards the market and balancing the interests of all shareholders, particularly the small ones.

Ansaldo STS actions and communication are inspired by the principle of transparency, being accountable for its choices and guaranteeing the truthfulness, accuracy and completeness of business information both within and outside the company, in abidance with adequate levels of protection of confidentiality or inside information.

Ansaldo STS provides, within the limits established by applicable laws and in a timely, complete and accurate manner, the information requested by shareholders, customers, suppliers, authorities, institutions, and entities and other stakeholders in the performance of their functions.

The information distributed on the occasion of extraordinary transactions undertaken by the Company is prepared following procedures that ensure adequate controls for the protection of reliability of communications to the market.

Ansaldo STS ensures the efficient management of company risks by implementing the highest standards established for companies operating in regulated markets and in strategic sectors, by means of organizational structures and operating procedures which are constantly and continuously monitored and improved.

Rules of conduct

Human resources

Professionalism, responsibility, honesty, loyalty, and the commitment of human resources are the determining factors for the Company's success.

The Company is committed to protecting the moral integrity of all employees and co-workers in the workplace and promoting a multicultural working environment that respects and enhances the characteristics and unique nature of every individual. The selection of each employee and co-worker in any capacity whatsoever is conducted solely on the grounds of professional expertise and competence. Ansaldo STS supports its employees by means of a training and career development system aimed at focusing on key skills and facilitating the sharing of knowledge and best practices.

Ansaldo STS is also committed to ensuring the health of workers, in compliance with applicable laws, by taking all necessary and appropriate protective measures on the basis of the best scientific and technical know-how and by promoting a culture focused on safety. Respect for workers' dignity is ensured also through respect for privacy in correspondence and professional relationships.

Directors, employees and co-workers in various capacities are required to act in the interest of Ansaldo STS, avoiding any situation that might cause a personal interest to interfere with the Company's interest. Any conflicts of interest must be promptly reported in the manner prescribed in the Code of Ethics. Also consultants and business partners must make specific commitments to avoid conflicts of interest.

Ansaldo STS encourages people to do their best, rewarding professionalism and responsibility and promoting cooperation and team spirit at all organizational levels. Professionalism and responsibility together with honesty, loyalty, and the commitment of human resources are the determining factors for the Company's success in achieving its objectives in global competition.

Ansaldo STS works to overcome any kind of discrimination, corruption, exploitation of child or forced labour and, more generally, to promote the dignity, health, freedom and equality of workers, in line with the United Nation's Universal Declaration of Human Rights, the fundamental Conventions of the International Labour Organization (ILO) and the OECD's Guidelines.

Ansaldo STS is committed to comply with laws and regulations of the jurisdictions in which the Group operates in regard to all human resources.

The Company makes the following commitments with respect to its human resources, in the areas described below.

Work environment

Ansaldo STS is committed to ensuring the moral integrity of all its employees and co-workers and to providing dignified working conditions. Harassment of any kind in any work relationship is absolutely forbidden and, in general, to behave in any way that might compromise the peaceful performance of the functions assigned and otherwise cause prejudice to the dignity of all workers.

Ansaldo STS promotes a multicultural working environment that respects and enhances the characteristics and unique nature of every individual, providing its employees in various countries in which the company operate with the ability to use their talents effectively also helping to achieve Ansaldo STS's objectives.

Selection

The selection of each employee and co-worker in any capacity is conducted solely on the grounds of professional expertise and competence according to the Company's needs, avoiding favouritism and partiality of any kind. Ansaldo STS's selection policy offers equal work opportunities, promoting fair treatment on the basis of individual expertise and skill.

The staff of Ansaldo STS is employed in accordance with the laws and regulations applicable in the various countries in which it operates. In particular, Ansaldo STS shall not allow or tolerate any employment relationships involving a violation of applicable labour regulations concerning child, women and immigrant labour.

Employee Development

Ansaldo STS supports its employees by means of a training and career development system aimed at focusing on key skills and facilitating the sharing of knowledge and best practices, using communication as a tool to support constant improvement.

Ansaldo STS follows a policy based on recognition of merit and equal opportunity and provides specific programs for professional training and acquisition of improved skills.

Employees are required to cultivate and encourage the acquisition of new competencies, abilities and knowledge, while executives and heads of functions shall take greatest care to enhance and improve the professional expertise of their co-workers by creating the conditions for developing their skills and realising their potential.

Safety and health of workers

Ansaldo STS, complying with applicable legislation in individual countries, is committed to safeguarding workers' health, adopting all necessary and appropriate measures, based on the best technical and scientific know-how, to create a work place that meets the highest standards in matters of health and safety.

Ansaldo STS also fosters a culture focused on safety, for the protection of workers' health in the workplace, developing risk awareness and promoting responsible behaviour by all its employees and co-workers.

Protection of privacy

Ansaldo STS is committed to the protection of privacy of all the Recipients and, in general, of anyone having contacts with the Company for any reason in compliance with applicable laws in individual countries for the protection of the privacy.

The dignity of each worker shall be fostered through the respect of privacy in correspondence and professional relationships between employees where there is an expectation of privacy and by prohibiting interferences in meetings or dialogues and any intrusion or forms of control that could be personally or professionally damaging.

Conflict of interest

Between the directors, employees and co-workers of Ansaldo STS, at any level, there is a relationship of trust which is based on the assumption that all will act in the interest of Ansaldo STS in compliance with the principles set forth in the Code of Ethics. Therefore, each of these persons must avoid any situation and abstain from any action that could cause a personal or family related interest, either direct or indirect, to interfere with and hamper his/her capacity to take impartial and objective decisions in the interest of the Company.
Any situation of conflict or potential conflict, must be promptly communicated in detail to one's supervisor and, if appropriate, to the Supervisory Body of the Code of Ethics. The individual in potential conflict shall refrain from being involved or participating in any act that might prejudice the

Company or any third parties, or damage their image. Similarly, consultants and business partners must also undertake specific commitments intended to avoid any situation of conflict of interests, refraining from using, in any way and for any reason whatsoever, the activity carried out on behalf of the Company with a view to achieving illicit advantages for themselves or for others.

Ansaldo STS also requires that anyone who becomes aware of a situation of conflict of interest must promptly report it to the Supervisory Body of the Code of Ethics in the manner established by the Code of Ethics.

External Relations

Relations with authorities and public administrations shall be conducted and managed fairly, transparently and in compliance with the laws and with the principles set forth in the Code of Ethics and the internal policies and procedures.

In business relationships with clients, consultants, suppliers, partners and any other commercial counterpart, Ansaldo STS is guided by principles of integrity and respect for law and the values expressed in the Code of Ethics. The selection of the commercial counterparts shall be made based on objective, transparent and documented evaluation criteria. Ansaldo STS refrains from any relationship with persons connected to criminal or terrorist organizations or organizations which operate in violation of applicable laws and regulations. In order to prevent the risk of undertaking operations of any nature involving proceeds from committed crimes, Ansaldo STS shall abstain from accepting for whatever reason any payments in currency or equivalent.

Ansaldo STS prohibits all Recipients from accepting or offering money, gifts or undue favours. Recipients who receive money, gifts or undue favours that conflict with Ansaldo STS's policy shall immediately notify his/her supervisor for proper handing. Any irregularities in the presence of requests for or offers of money, gifts or favours shall also be reported to the Supervisory Body of the Code of Ethics.

Ansaldo STS does not encourage or discriminate against, directly or indirectly, any political organisation. The Company does not make contributions to political parties, movements, committees or organisations.

Authorities and public administrations

Relations with authorities and public administrations shall be conducted and managed in compliance with law and with the principles set forth in the Code of Ethics and AnsaldoSTS's specific policies and procedures.

Such relations, as with the management of financial resources, shall be executed by authorised corporate functions. In particular, relations with persons, authorities and international public administrations are entertained at appropriate levels, by authorized and properly identified persons.

Authorities and public administrations may include customers, public officials or persons in charge of a public service, international institutions, the judiciary, public authorities as well as private partners who are public service licensees. The operations performed with such persons may include tenders, management of contracts, authorizations, licenses, concessions, requests for and/or management of public financing, checks or communications with public authorities.

With respect to requests of any kind from a Judicial Authority and in connection with any contact with the same, Ansaldo STS is committed to providing the utmost cooperation and will refrain from behaviour that may cause obstruction. Ansaldo STS and its employees will act in full compliance with the laws and in conformity with the principles of loyalty, fairness and transparency.

In relationships with authorities and public administrations, Ansaldo STS undertakes to represent its interests and needs according to fairness and transparency, respecting the independence and impartiality of the public administration's choices.

Customers, consultants, suppliers, partners and any other commercial counterparty

In conducting its business, Ansaldo STS is guided by the principles of integrity and respect for law and the values expressed in the Code of Ethics as well as by openness to the market. Ansaldo STS requires similar behaviour from all those with whom it entertains commercial and/or financial relationships that permits Ansaldo STS to require compliance. Ansaldo STS is committed to act ethically with respect to all its customers.

Ansaldo STS refrains from any relationship whatsoever with:

- persons that are known to be, or are reasonably suspected of being part of or performing activities either in Italy or abroad in support of any criminal organization of any nature whatsoever, including mafia-like organizations, those involved in the trafficking of human beings or in the exploitation of child labour;
- persons or groups acting for the purposes of terrorism; regarding as such any conduct that may cause serious damage to a Country or an international organization, carried out in order to cause a person to perform or abstain from performing any act or to destabilize or destroy basic political, constitutional, economic and social structures of a Country or an international organization;
- persons that are known to use or are reasonably suspected of using child labour or staff hired in an irregular manner or who otherwise operate in violation of the laws and regulations regarding the protection of workers' rights.

In order to prevent the risk of undertaking, even unknowingly, operations of any nature involving money, assets or other utilities that are the proceeds of crime, Ansaldo STS shall abstain from accepting for any reason any payments in currency, bearer securities or payments through unauthorised intermediaries or through any third parties in such a manner as to make it impossible to identify the payer, or from any relations with persons having their headquarters or operating in countries where the transparency of corporate business is not guaranteed and, in general, from performing operations that might obscure the transparency of cash flows.

The selection of other parties in transactions, business partners, consultants, suppliers shall be made based on objective, transparent and documented evaluation criteria, such as quality, convenience, price and competence in accordance with the principles of this Code of Ethics and corporate procedures, as required by the specific internal policies and procedures, in writing and in observance of the hierarchical structures.

Any commercial relationships that exist between the companies of the Group must be duly formalized and conducted in accordance with the principles of fairness, effectiveness and protection of the respective interests, paying particular attention to aspects relating to the circulation of economic resources.

Ansaldo STS entertains relationships with third parties, including agents, consultants and partners for the development of commercial initiatives (such as consortia and the like), who base their conduct on ethical principles and professionalism. Specific contractual clauses are established with agents, consultants, partners and/or intermediaries in order to ensure the traceability of activities performed by them through periodic reports in relation to their abidance to assigned tasks and responsibility.

Gifts, benefits and promises of favours

In conducting business dealings with consultants, clients, suppliers, other parties in transactions, business and/or financial partners, no acts of giving or benefits (both direct and indirect), gifts, acts of courtesy or hospitality of any kind shall be made, unless they are of such a kind and value that do not compromise the image of the Company, and that may not be interpreted as aiming at obtaining preferential treatment. In all cases, any gifts, acts of courtesy or form of hospitality shall be reported to and submitted to the approval by the persons charged to such effect.

Recipients who receive, gifts or benefits that are in conflict with Company policy shall immediately notify his/her supervisor for proper handling. The person who offered the gift or giveaways shall be informed of the Company policy on this issue.

Any irregularities in the presence of requests for or offers of money, gifts or favours shall also be reported to the Supervisory Body of the Code of Ethics.

Political organizations

Ansaldo STS does not encourage or discriminate against, directly or indirectly, any political organisation.

The Company does not make contributions of any kind or in any form, whether direct or indirect, to political parties, movements, committees and political organisations, to their representatives and candidates, except as required by specific laws.

The above does not apply, however, to charitable initiatives that Ansaldo STS regards as being appropriate and supporting the Ansaldo STS values.

Rights and Sustainability

Ansaldo STS does business in a sustainable manner, with a continued commitment to economic and social development and the protection of human health and the environment.

Ansaldo STS upholds and promotes human rights in every context in which it operates, by creating equal opportunities for its people and fair treatment for all - regardless of any protected characteristics such as race, nationality, political creed, religion, gender, age, minority status, diverse ability, sexual orientation, personal or social condition – and always respecting the dignity of each individual and each employee. Amongst other things Ansaldo STS ensures freedom of assembly and prohibits use of illegal labour.

Ansaldo STS ensures safe and healthy work environments and manages its production processes with the least possible environmental impact, striving to apply a precautionary approach to the protection of human health and the environment.

Ansaldo STS contributes to the social and economic development of the communities and regions in which it operates, also by transferring its technologies and expertise and disseminating its know-how.

Ansaldo STS strives to promote and consolidate a culture of sustainability by developing the awareness of risks and encouraging responsible behaviour from all its stakeholders.

Protection of company assets

The use of corporate assets must comply with the law, applicable regulations and with corporate procedures.

Ansaldo STS adopts appropriate measures and initiatives to protect its intellectual property and not to infringe that of others.

The use of IT and electronic tools must be characterized by the respect for principles of fairness and must ensure the integrity and authenticity of the processed data. Ansaldo STS adopts measures capable of ensuring that access to and the use of electronic and IT data is done in compliance with current regulation and with the privacy of individuals who may be involved.

Relationships with the press and the media are founded upon the respect of the right of information and protection of the market and the interests of stakeholders and conducted in compliance with the Code of Ethics and corporate procedures. It is strictly prohibited that any form of investment be made, originating from the knowledge of inside information.

To safeguard the entirety of the Company assets, it is specifically forbidden, except as expressly permitted by law, to perform extraordinary operations on shares and on other items of the net assets in violation of the regulations for the protection of creditors.

Recipients are required to keep documents, know-how, corporate operations and, in general, all information acquired in the performance of their duties strictly confidential.

Ansaldo STS endeavours to work so that the use of available resources, carried out in compliance with applicable law and the corporate by-laws, and in line with the values of the Code of Ethics, is directed towards increasing and strengthening the Company's assets, in protection of the Company itself, its shareholders, creditors and the market. Therefore, the use of corporate assets must comply with the law and the applicable regulations as well as with operating procedures.

Intellectual Property

Ansaldo STS adopts appropriate measures and initiatives to protect its intellectual property and not to infringe upon that of others. In particular, Ansaldo STS is committed to:

- not performing any act of disposition and/or use, in any form or manner, of trademarks and names and other distinctive signs, even combined ones, of which it does not hold exclusive ownership and/or legitimate title to use;

- ensuring the security, integrity, proper use and operation of systems, programmes or IT and electronic data of the Company or third parties, protecting the related intellectual property rights and the integrity of information made available to the public through the internet.

Moreover, in its relations with suppliers, when the formulas and/or compositions of goods or trademarks to be used for supplies are not indicated or supplied by Ansaldo STS, the Company implements adequate procedures so that the supplier ensures and guarantees that the goods and their intended use do not infringe upon third parties' rights relating to intellectual property (trademarks and patents).

In such relations, the Company adopts appropriate indemnity measures for any claim, legal action and requests for compensation made by third parties due to acts of unfair competition, infringement of patents or patent applications, of trademarks or registered designs and of industrial and intellectual property rights related to raw materials, semi finished goods, finished products, services purchased from third parties.

Finally, Ansaldo STS only uses ideas or creative works (such as, but not limited to, text, sketches, illustrations, designs, trademarks, etc.) of which it has exclusive ownership by virtue of their creation by Ansaldo STS employees or contract rights agreed with third parties by means of contractual documents.

Use of IT tools

The use of IT and electronic communication tools must be characterized by respect for the principle of fairness and must be such to ensure the integrity and authenticity of the processed data, for the protection of the interests of the Company and third parties, with particular reference to authorities and public administrations.

Ansaldo STS adopts measures capable of ensuring that access to electronic and IT data is done in compliance with current regulation and respect for the privacy of individuals to protect the confidentiality of information and to prevent improper interference by unauthorized individuals.

Management of information

Ansaldo STS ensures full transparency of choices made offering the market all necessary information so that the investors' decisions can be based on complete and correct information. The Group's communications are characterized not only by strict compliance with statutory and regulatory provisions but also by comprehensible language, exhaustiveness of information, promptness and informational symmetry in respect of all investors.

Relationships with the press and the media are founded upon the respect of the right of information and protection of the market and the interests of stakeholders and conducted in compliance with the Code of Ethics and corporate procedures.

External communications shall follow the principles of truthfulness, fairness, transparency, congruity and shall aim at disseminating the policies, programmes and plans of the Company.

Any request for information from the press or the media received by personnel of Ansaldo STS shall be reported in advance to the officers in charge of external relations for proper communication.

It is strictly prohibited that any form of investment be made, whether direct or through intermediaries, originating from knowledge of inside information (i.e. information which is not in the public domain and which, if made public, would be likely to affect the price of financial instruments) acquired in the course of the activity carried out within the Group. The communication or dissemination of such information shall not be carried out in any form whatsoever, outside the normal performance of the functions assigned. In compliance with applicable rules and regulations, Ansaldo STS shall adopt appropriate measures to protect price sensitive information, so as to prevent access by any unauthorized person or handling of such information in an inappropriate manner.

Transactions in shares and corporate capital

To safeguard the entirety of the Company assets, it is specifically forbidden, except as expressly permitted by law, to perform extraordinary operations on shares and on other items of the net assets in violation of the regulations for the protection of creditors.

Furthermore, it is forbidden to fictitiously form or increase share capital and to pay off, in case of winding-up, shareholders' claims to the detriment of creditors.

Confidentiality obligations

Due to the peculiarity and importance of the sectors of activity of the Company (such as technologies, protected technologies for railway transportation in safety conditions, scientific research), all Recipients are required to maintain the utmost confidentiality of any proprietary information, and shall not disclose or inappropriately handle information about documents, know-how, research projects, company business activities, and in general about any information acquired in the performance of their duties.

In particular, confidential or secret proprietary information means all information subject to specific laws or regulations as they pertain, for instance, to security in the transportation system, inventions, scientific discoveries, protected technologies or new industrial applications, as well as information declared secret by contract. Confidential information is also all information acquired in the performance of working activities or through such activities, whose circulation and use could jeopardise or harm the Company and/or create unjust enrichment of the employee.

Any breaches of their confidentiality obligations and/or violation of the Code of Ethics by the Recipients would harm the relationship of trust with the Company and may lead to disciplinary action or the application of contractual sanctions.

Implementation of the Code of Ethics

This Code of Ethics applies to all entities of the Ansaldo STS Group. The responsibility for the implementation of the Code of Ethics, its application and updating is a duty of the directors and employees of Ansaldo STS.

Any violations of or failure to apply the Code of Ethics can be reported to a special-purpose Supervisory Body of the Code of Ethics. Persons who make such reports in good faith shall be protected from any form of retaliation.

Ansaldo STS promotes knowledge of and compliance with the Code of Ethics, the specific procedures and their updates among all Recipients. In case of any non-observance, appropriate disciplinary action or contractual sanctions will take place.

Application, dissemination, training

This Code of Ethics applies to all entities of the Ansaldo STS Group. Ansaldo STS promotes the dissemination of the Code of Ethics among the Group's companies so that they implement it as an effective management tool, after adaptation in accordance with prevailing laws and regulation. The responsibility for the implementation of the Code of Ethics and its application is a duty of the directors and employees of Ansaldo STS.

Any violations of or failure to apply the Code of Ethics may be reported to a special-purpose Supervisory Body of the Code of Ethics, identified in the various companies of the Ansaldo STS Group, in accordance with the rules applicable to the specific company. Such body may recommend supplements and amendments to the Code of Ethics. The Company ensures that no-one in the workplace is subject to any retaliation, illegal conditioning and discriminating treatment of any kind, for having made a good faith report of a violation or non-application of the Code of Ethics to the Supervisory Body of the Code of Ethics. As a consequence of the said report, the

Company shall promptly arrange the necessary investigation and take adequate disciplinary measures, in accordance with the rules applicable to the specific company of the Group.

Ansaldo STS promotes the knowledge and obedience of the Code of Ethics, the specific procedures and their updates among all Recipients. In case of any non-observance, appropriate disciplinary action or contractual sanctions will take place. The Recipients are required to be familiar with the contents of the Code of Ethics - asking and receiving any necessary explanations on its interpretation from the company's leadership - to observe the Code and to contribute to its implementation. Employees can report not only to the Supervisory Body of the Code of Ethics, but also to their superiors any deficiency, violations or attempted violations that they are aware of.

Ansaldo STS also promotes and encourages cooperation among the Recipients to develop compliance with, knowledge and implementation of the Code of Ethics and of specific policies and procedures, within the scope of each Recipient's competence and functions.

To this end, the Company provides specific training/informative courses for the Recipients, elaborated in accordance with the different needs and responsibilities of the various participants.

Sanctions system

Violations of the principles set forth in the Code of Ethics and in the specific procedures shall be followed up by Ansaldo STS in accordance with the policies, procedures and regulations applicable to the specific company of the Group.

Annex - Implementation of the Code of Ethics in Ansaldo STS S.p.A.

With regard to the implementation of the Code of Ethics in the holding company Ansaldo STS S.p.A. the following is noted:

- the Supervisory Body of the Code of Ethics coincides with the Supervisory Body of the Organizational, Management and Control Model pursuant to Legislative Decree 231/2001;
- in order to facilitate the flow of notifications and information to the Supervisory Body a dedicated information channel has been set up (OdV@ansaldo-sts.com) through which all who become aware of any unlawful conduct can report, freely, directly and in a confidential manner to the Supervisory Body;
- for a description of the Sanctions System see paragraph 6 of the Organizational, Management and Control Model.

Approved by the Board of Directors of Ansaldo STS in the meeting of June 28th 2012.

Available on the company's intranet, section manual (IMS document code MNL 004, rev. 02) and on the internet website (www.ansaldo-sts.com), section Governance/Code of Ethics

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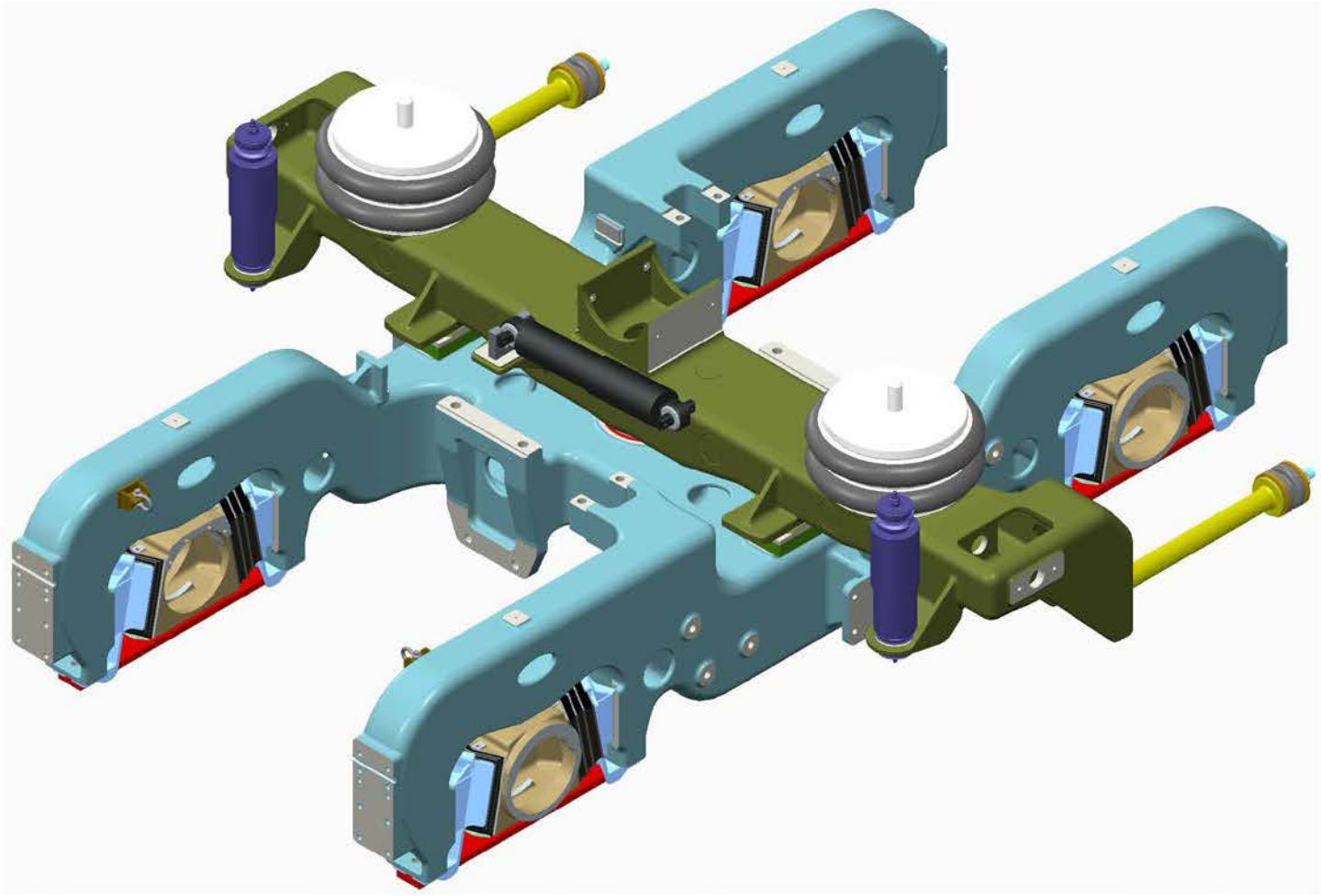


MBTA Questions Concerning Eligibility & Manufacturing Capability
MBTA RFP NO. CAP 27-10

MBTA Questions

A. Attach relevant Certificate of Good Standing from the Secretary of State of the Commonwealth of Massachusetts.
Bradken Answer: *Bradken has no reason to not be in good standing with the State of Massachusetts.*

B. Provide the names and telephone numbers of all business owners, shareholders if not a publicly held corporation, and/or members if a limited liability company.
Bradken Answer: *The information is available at: www.bradken.com*

C. Provide the names, title and telephone numbers of all officers.
Bradken Answer: *The information is available at: www.bradken.com*

D. Has the business or an owner or shareholder of the business ever had a prior contractual relationship with the MBTA? If yes, please describe relationship.
Bradken Answer: *No previous contracts with MBTA for components supplied by Bradken*

E. Has the business or an owner or shareholder of the business ever been in default of any obligations under a contract with the MBTA, any other Massachusetts state agency or any federal agency? If yes, please describe the circumstances. Please indicate whether it resulted in a termination for cause.
Bradken Answer: *No defaults with MBTA, the State of Massachusetts or any federal agency*

F. Have any of the business owners, shareholders, or officers every been convicted of felony violations of Federal, state or local laws? If yes, please describe the circumstances.
Bradken Answer: *No convictions of felony violations of Federal, state or local laws.*

G. Are there any pending recent law suits against the business or any of its owners or shareholders? If yes, please describe the circumstances.
Bradken Answer: *No pending lawsuits against Bradken, owners or shareholders*

H. Provide the name, address, account number, contact person and telephone number of the insurance agent responsible for procuring insurance required by the Solicitation Documents.
Bradken Answer: *John Gertken | Senior Account Executive*
Aon Risk Solutions
8182 Maryland Avenue, Suite 1500
St. Louis, MO 63105
Phone (314) 719-9742 | Fax (847) 953-0789
Cell (312) 391-9742 | Email john.gertken@aon.com
CA License # 0C56204

I. Provide the name, address, contact person and telephone of three business credit references, including but not limited to your primary banking institution.
Bradken Answer: *See attached document*

J. Has the business or any of the business's owners or shareholders ever filed for bankruptcy or invoked insolvency proceedings under state law?
Bradken Answer: *Bradken, Inc. is wholly owned by Bradken Operations Pty. Ltd. Bradken Operations Pty. Ltd. Has not filed for bankruptcy or invoked insolvency proceedings in Australia where they are incorporated and based.*

K. Provide the last three (3) years of audited financial statements, or reasonable equivalent of the Offeror. If the Offeror is a joint venture or other combination of business entities, provide the last three (3) years audited financial statements for each entity.
Bradken Answer: *Information provided at* http://bradken.com/investorcentre/financialreports

L. Provide the business's current code of business ethics or equivalent.
Bradken Answer: *Information provided at* http://bradken.com/documents/general/code-of-conduct.pdf?sfvrsn=3

M. Provide information showing North American manufacturing locations, experience, and capacities.
Bradken Answer: *See information in item "O" below*

N. Identify the type of equipment being proposed and where and in what quantities similar equipment is in use in North America and other locations.
Bradken Answer: *Bradken H-5 truck design, in revenue service for 37 years with the Toronto Transit Commission*

O. Indicate locations where all proposed equipment will be manufactured and assembled.
Bradken Answer: *Foundry – 400 4th South Street, Atchison, Kansas 66002*
Machine & Assembly Shop – 3811 South 48th Terrace, St. Joseph, Missouri 64503

P. Provide manufacturing capacities at these proposed manufacturing locations available for this project.
Bradken Answer: *Foundry – steel castings ranging from 500 lb to 55,000 lb*
Machine & Ass'y Shop – variety of CNC machines, paint booth and assembly area.

BRADKEN®
400 S. 4th Street
PO Box 188
Atchison, KS 66002`
T +1 913 367 2121
F +1 913 367 0877

Owner – Bradken, Inc. (see www.Bradken.com)

Duns #
14-187-4821 - Bradken, Inc. (see www.Bradken.com)

Federal ID #'s
Bradken, Inc. 30-0258772 (Delaware)

Tax Exception #'s
Atchison, KS Facility 743110041F-01
St. Joseph, MO Facility 18628591

Credit References:

Miller and Company LLC
9700 West Higgins Rd. Suite 1000
Rosemont, IL 60018
Bob Overman 847-696-2400
Boverman@millerandco.com (fax 847-696-2428)

Progress Rail – A Caterpillar Company
1600 Progress Rail Drive
Albertville, AL 35950
Jane Denson 256-505-6568
jdenson@progressrail.com (fax 256-505-6435)

Constellation Energy
11011 "Q" Street
Omaha, NE 68137
Nita Cox nita.cox@constellation.com
Phone 502-214-6304 Fax 502-426-8800

HA-International LLC
630 Oakmont Lane
Westmont, IL 60559
Dennis Ziegler dennis.ziegler@ha-international.com
Phone 630-575-5734 Fax 630-575-5815

Bank Reference:
Bank of America
100 West 33rd Street
New York, NY 10001 Officer: Danny Chun +1 213 621 4952 danny.chun@baml.com
Acct # 1233193583 Acct Name: Bradken, Inc. ABA Routing # 026009593
SWIFT (if coming in international) BOFAUS3N

Executives (fax 913-367-2130):
Kevin McDermed – President-Industrial Division 816-270-0700
Mike Funk –Vice President Operations. 913-367-2121 ext. 4300

Accounts Payable Contact:
Sarah Donley 913-367-2121 ext. 4265 (fax 913-367-1093)

Purchasing Contacts (fax 913-367-0877):
Cameron Feek 913-367-2121 ext. 4296
Ben Kidwell 913-367-2121 ext. 4337
RD Jones 913-367-2121 ext. 4255
Jon Kujawa 913-367-2121 ext 4611

Purchase Orders Required

Corporate Web Site: www.bradken.com

COLUMBUS CASTINGS

Steven Castaneda

From: Stuart Trout <strout@columbuscastings.com>
Sent: Wednesday, May 14, 2014 9:28 AM
To: Steven Castaneda
Cc: Lawrence Gray; 'Mike Pracht'; David Rodems; Kyle Tyson; Ronn Piwnicki; Joe Blaney
Subject: MBTA Section B. Part B, Questions Concerning Eligibility - Columbus Castings

Steve:

Here are the responses to the Section B, Part B, Questions Concerning Eligibility.

1. Pending.
2. Protostar Partners, Phone: 646.273.5200 – 13 West 54th Street – 4th Floor – New York, NY 10019.
3. Mr. Richard T. Ruebusch, President and Chief Executive Officer, 617.445.2007.
   Mr. David Rodems, CFO, 617.445.2211.
   Ms. Helen Woo, Vice President, 646.273.5200.
   Ms. Helen Woo, Secretary/Treasurer, 646.273.5200.
4. Yes. Repair of one damaged truck casting.
5. No.
6. Not to our knowledge.
7. Not to our knowledge.
8. Phil Torpey, AINS
   Lockton Companies
   Account Administrator
   444 W. 47th Street, Suite 900
   Kansas City, MO 64112
   P: 816-960-9140
   F: 816-783-9140
   ptorpey@lockton.com
9. BANK:
   Nancy Concitis
   Senior Sales Associate
   Treasury Management
   PNC Bank
   Two Tower Center Boulevard
   East Brunswick, N.J. 08816
   (p) 732-220-3256 (f) 732-220-3020
   nancy.concitis@pnc.com

   CREDIT CARDS:
   Diana Strimpel
   Officer, Account Manager
   Treasury Management
   PNC Card Services
   1900 East 9th Street
   B7-YB13-07-6
   Cleveland, Ohio 44114
   216-222-9363 (office)
   866-375-5983 (fax)
10. Not to our knowledge.
11. Protostar Partners is a private company, financial statements are Privileged and Confidential.
12. Columbus Castings does not have a formal Ethics Policy.

Stuart F. Trout

Engineering Program Manager

Columbus Castings, Inc.
2211 Parsons Avenue
Columbus, OH 43207 USA

614.445.2145 o
617.851.9372 m

This electronic message transmission is intended only for the use of the party to which it is addressed, including any attachments and contains information from Columbus Castings, which may be privileged, confidential, or protected by law. If you are not the intended recipient you are hereby notified that any dissemination, copying or distribution of this e-mail or its contents is strictly prohibited. If you have received this message in error, please notify us immediately by replying to the message and deleting it from your computer.

FAIVELEY TRANSPORT GROUP

January 27, 2014

Dear Sir,

We are pleased to confirm that to the best of our knowledge :

1 - Ellcon National Inc., a division of Faiveley Transport, had a prior contractual relationship for the supply of windows. This contractual relationship was either direct with MBTA or through carbuilders.

2 - Ellcon National Inc., a division of Faiveley Transport, has never been in default on any obligation under a contract with MBTA, any other Massachusetts state agency or any federal agency.

3 – Neither Ellcon National Inc., a division of Faiveley Transport, nor any of its business owners, shareholders or officers have ever been convicted of felony violation of federal, state or local laws.

4 – Neither Ellcon National Inc., a division of Faiveley Transport, nor any of its business owners or shareholders have ever filed for bankruptcy or invoked insolvency proceedings under state law.

Stephane Mazza
Chief Financial Officer

Ellcon-National, Inc.
Division of Faiveley Transport - 50 Beechtree Blvd., Grenville, SC 29605 - USA
Tel: **+1 864-277-5000** - Fax: +1 864-527-1024

The Commonwealth of Massachusetts

Secretary of the Commonwealth

State House, Boston, Massachusetts 02133

William Francis Galvin
Secretary of the
Commonwealth

Date: February 07, 2014

To Whom It May Concern :

I hereby certify that according to the records of this office,

ELLCON-NATIONAL, INC.

a corporation organized under the laws of

NEW YORK

on **July 25, 1910** was qualified to do business in this Commonwealth on

January 28, 2014 under the provisions of the General Laws, and I further certify that said corporation is still qualified to do business in this Commonwealth.

I also certify that said corporation is not delinquent in the filing of any annual reports required to date.

In testimony of which,
I have hereunto affixed the
Great Seal of the Commonwealth
on the date first above written.

William Francis Galvin

Secretary of the Commonwealth

Certificate Number: 14026134920

Verify this Certificate at: http://corp.sec.state.ma.us/CorpWeb/Certificates/Verify.aspx

Processed by: jmu

F
FPC

The Commonwealth of Massachusetts

William Francis Galvin
Secretary of the Commonwealth
One Ashburton Place, Boston, Massachusetts 02108-1512

FORM MUST BE TYPED

Foreign Corporation Certificate of Registration

FORM MUST BE TYPED

(General Laws, Chapter 156D, Section 15.03; 950 CMR 113.48)

(1) Exact name of the corporation, including any words or abbreviations indicating incorporation:

Ellcon-National, Inc.

(2) Name under which the corporation will transact business in the commonwealth that satisfies the requirements of G.L. Chapter 156D, Section 15.06:

Ellcon-National, Inc.

If applicable, please attach:

- an agreement to refrain from use of the unavailable name in the commonwealth; and
- a copy of the doing business certificate filed in the city or town where it maintains its registered office; and
- a copy of the resolution of the corporation's board of directors, certified by its secretary, the name under which the corporation will transact business in the commonwealth pursuant to 950 CMR 113.50(4).

(3) Jurisdiction of incorporation: New York

Date of incorporation: July 25, 1910 *(month, day, year)* Duration if not perpetual: perpetual

(4) Street address of principal office: 50 Beachtree Boulevard, Greenville, SC 29605
(number, street, city or town, state, zip code)

(5) Street address of registered office in the commonwealth: 10 Milk Street, Suite 1055, Boston, MA 02108
(number, street, city or town, state, zip code)

Name of registered agent in the commonwealth at the above address: Paracorp Incorporated

I, PARACORP INCORPORATED
registered agent of the above corporation consent to my appointment as registered agent pursuant to G. L. Chapter 156D, Section 5.02.*

** Or attach registered agent's consent hereto.*

P.C.

(6) Fiscal year end: March, 31
(month, day)

(7) Brief description of the corporation's activities to be conducted in the commonwealth:

Selling products and services for the railway industry.

(8) Names and business addresses of its current officers and directors:

	NAME	BUSINESS ADDRESS
President: CEO:	James Frantz	1242 S. Colorado St., Salem, VA 24153
Vice-president:		
Treasurer: CFO:	Stephane Mazza	50 Beechtree Blvd, Greenville, SC 29605
Secretary:	Stephane Mazza	50 Beechtree Blvd, Greenville, SC 29605
Assistant secretary:		
Director(s): See Attachment		

Attach certificate of legal existence or a certificate of good standing issued by an officer or agency properly authorized in the jurisdiction of organization. If the certificate is in a foreign language, a translation thereof under oath of the translator shall be attached.

This certificate is effective at the time and on the date approved by the Division, unless a later effective date not more than 90 days from the date of filing is specified: _____

FAIVE-1 OP ID: NM

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 01/23/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Scheetz Hogan Freeman & Phillips PO Box 16748 Greenville, SC 29606 Ronald D. Scheetz Phone: 864-232-5162 Fax: 864-232-5417	CONTACT NAME: PHONE (A/C, No, Ext): FAX (A/C, No): E-MAIL ADDRESS: nancym@shfpins.com
INSURED Faiveley Transport USA, Inc. Ellcon-National, Inc, Amsted Rail-Faiveley, LLC Graham White Manufacturing POB 9377 Greenville, SC 29605	INSURER(S) AFFORDING COVERAGE / NAIC # INSURER A : AXA Insurance Company INSURER B : The Charter Oak Fire Insurance INSURER C : Great American Insurance Co. INSURER D : INSURER E : INSURER F :

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS		
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY X CLAIMS-MADE ☐ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PRO-JECT ☐ LOC			PCS001185	04/01/2013	04/01/2014	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ $ $ $ $ $	1,000,000 100,000 5,000 1,000,000 2,000,000 2,000,000
B	AUTOMOBILE LIABILITY X ANY AUTO ☐ ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☐ HIRED AUTOS ☐ NON-OWNED AUTOS			Y8108284 B051	04/01/2013	04/01/2014	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ $ $ $	1,000,000
A	X UMBRELLA LIAB X OCCUR EXCESS LIAB X CLAIMS-MADE ☐ DED ☐ RETENTION $			XS001186	04/01/2013	04/01/2014	EACH OCCURRENCE AGGREGATE	$ $	10,000,000 10,000,000
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y / N ☐ (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N / A		WC6172092	10/01/2013	10/01/2014	X WC STATU-TORY LIMITS ☐ OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ $ $	1,000,000 1,000,000 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER

MBTA-01

MBTA
10 Park Plaza #3910
Boston, MA 02116

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

© 1988-2010 ACORD CORPORATION. All rights reserved.

The ACORD name and logo are registered marks of ACORD

(6) Fiscal year end: March. 31
(month, day)

(7) Brief description of the corporation's activities to be conducted in the commonwealth:

Selling products and services for the railway industry.

(8) Names and business addresses of its current officers and directors:

	NAME	BUSINESS ADDRESS
~~President:~~ CEO:	James Frantz	1242 S. Colorado St., Salem, VA 24153
Vice-president:		
~~Treasurer~~ CFO:	Stephane Mazza	50 Beechtree Blvd, Greenville, SC 29605
Secretary:	Stephane Mazza	50 Beechtree Blvd, Greenville, SC 29605
Assistant secretary:		
Director(s): See Attachment		

Attach certificate of legal existence or a certificate of good standing issued by an officer or agency properly authorized in the jurisdiction of organization. If the certificate is in a foreign language, a translation thereof under oath of the translator shall be attached.

This certificate is effective at the time and on the date approved by the Division, unless a later effective date not more than 90 days from the date of filing is specified: _____

Signed by: _____,
(signature of authorized individual) Stephane Mazza, CFO

- ☐ Chairman of the board of directors,
- ☐ President,
- ☒ Other officer,
- ☐ Court-appointed fiduciary,

on this 21st day of January, 2014.

The Commonwealth of Massachusetts

William Francis Galvin
Secretary of the Commonwealth
One Ashburton Place, Boston, Massachusetts 02108-1512

Attachment Sheet

Foreign Corporation Certificate of Registration
Ellcon-National, Inc.

8) Names and business addresses of its current officers and directors:

	NAME	BUSINESS ADDRESS
Director(s):	Thierry Barel (Chairman)	FAIVELEY Transport Société Anonyme Immeuble Le Delage Hall Parc - Bâtiment 6A -6ème étage 3, rue du 19 mars 1962 92230 Gennevilliers Cedex FRANCE
	Lilian Leroux	FAIVELEY Transport Société Anonyme Immeuble Le Delage Hall Parc - Bâtiment 6A -6ème étage 3, rue du 19 mars 1962 92230 Gennevilliers Cedex FRANCE
	Simon Charlesworth	FAIVELEY Transport Société Anonyme Immeuble Le Delage Hall Parc - Bâtiment 6A -6ème étage 3, rue du 19 mars 1962 92230 Gennevilliers Cedex FRANCE

THE COMMONWEALTH OF MASSACHUSETTS

REGISTERED AGENT CONSENT FORM

DATE: **January 14, 2014**

COMPANY NAME: **ELLCON-NATIONAL, INC.**

REGISTERED AGENT NAME AND ADDRESS:

Paracorp Incorporated
10 Milk Street, Suite 1055
Boston, MA 02108

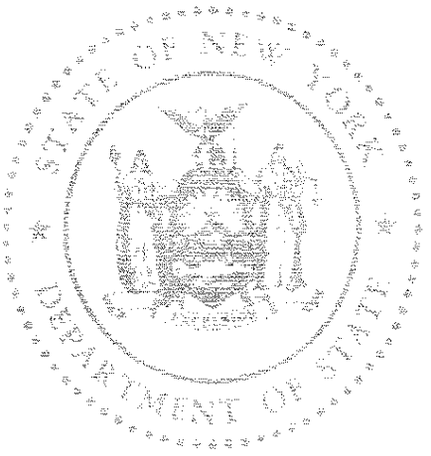
I, Paracorp Incorporated, hereby accept appointment as registered agent for and on behalf of the above-referenced company.

Ninh Ho, Assistant Secretary
Paracorp Incorporated

State of New York
Department of State } ss:

I hereby certify, that the Certificate of Incorporation of ELLCON-NATIONAL, INC. was filed on 07/25/1910, under the name of THE ELLCON COMPANY, fixing the duration as perpetual, and that a diligent examination has been made of the Corporate index for documents filed with this Department for a certificate, order, or record of a dissolution, and upon such examination, no such certificate, order or record has been found, and that so far as indicated by the records of this Department, such corporation is an existing corporation.

A Certificate of Amendment THE ELLCON COMPANY, changing its name to ELLCON-NATIONAL, INC., was filed 04/01/1959.



***

WITNESS my hand and the official seal of the Department of State at the City of Albany, this 13th day of January two thousand and fourteen.

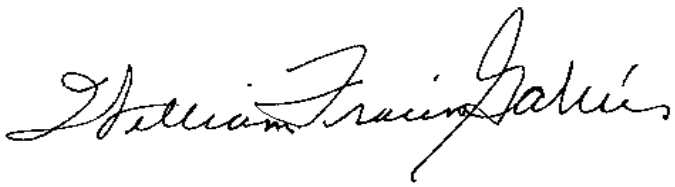
Executive Deputy Secretary of State

201401140185 165

THE COMMONWEALTH OF MASSACHUSETTS

I hereby certify that, upon examination of this document, duly submitted to me, it appears that the provisions of the General Laws relative to corporations have been complied with, and I hereby approve said articles; and the filing fee having been paid, said articles are deemed to have been filed with me on:

January 28, 2014 10:12 AM



WILLIAM FRANCIS GALVIN

Secretary of the Commonwealth

2012/2013 FINANCIAL REPORT

Fairveley TRANSPORT

2. FAIVELEY TRANSPORT CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013

2.1 CONSOLIDATED BALANCE SHEET

ASSETS

(€ thousands)	Notes	31 March 2013 Net	31 March 2012 Net
SUBSCRIBED UNCALLED SHARE CAPITAL (I)		-	-
Goodwill	**E.1**	**651,235**	**648,981**
Intangible assets	**E.2**		
Other intangible assets		42,953	40,057
Property, plant and equipment	**E.3**		
Land		5,880	5,848
Buildings		24,558	25,662
Plant and machinery		28,559	27,436
Other property, plant and equipment		12,459	9,966
Non-current financial assets	**E.4**		
Shareholdings in unconsolidated subsidiaries		253	245
Shareholdings in associates		-	-
Other non-current financial assets		5,598	5,538
Deferred tax assets	**E.5**	**44,816**	**43,598**
TOTAL NON-CURRENT ASSETS (II)		816,311	807,331
Inventories	E.6	144,453	144,000
Work-in-progress on projects	E.7	98,524	91,048
Advances and prepayments paid		3,893	3,811
Trade receivables	E.8.1	184,193	179,402
Other current assets	E.8.2	34,877	18,515
Taxation receivable		7,427	11,048
Current financial assets	E.9	9,348	9,328
Short-term investments	E.10	22,035	41,080
Cash	E.10	152,923	169,166
TOTAL CURRENT ASSETS (III)		657,673	667,398
TOTAL ASSETS (I+II+III)		**1,473,984**	**1,474,729**

The attached notes are an integral part of the consolidated financial statements.

EQUITY AND LIABILITIES

(€ thousands)	Notes	31 March 2013	31 March 2012
Shareholders' equity			
Share capital		14,232	14,187
Share premium		88,633	86,488
Translation differences		2,782	(198)
Consolidated reserves		362,147	326,238
Net profit for the year		59,277	47,428
Total equity – Group share		**527,071**	**474,143**
Minority interests			
Share of subsidiaries' equity		28,832	27,362
Share of subsidiaries' profit for the year		3,957	3,640
Total minority interests		**32,789**	**31,002**
TOTAL CONSOLIDATED EQUITY (I)	E.11	559,860	505,145
Provisions for non-current liabilities and charges	E.12.1 & E.12.2	33,008	36,213
Deferred tax liabilities	E.5	28,271	22,090
Non-current borrowings and financial debt	E.13	314,841	352,865
TOTAL NON-CURRENT LIABILITIES (II)		376,120	411,168
Current provisions for liabilities and charges	E.12.3	83,910	80,353
Current borrowings and financial debt	E.13	62,600	95,420
Advances and prepayments received		120,860	124,674
Current liabilities	E.15	257,871	245,444
Tax payable		12,763	12,525
TOTAL CURRENT LIABILITIES (III)		538,004	558,416
TOTAL EQUITY AND LIABILITIES (I+II+III)		1,473,984	1,474,729

The attached notes are an integral part of the consolidated financial statements.

2.2 CONSOLIDATED INCOME STATEMENT

(€ thousands)	Notes	31 March 2013	31 March 2012
Sales	**E.18**	**987,706**	**900,523**
Cost of sales	E.19	(739,371)	(666,722)
Gross profit		**248,335**	**233,801**
Administrative costs[1]		(76,532)	(78,719)
Sales and marketing costs[1]		(43,790)	(39,898)
Research and development costs		(13,363)	(11,111)
Other operating income	E.20	5,474	2,687
Other operating costs	E.20	(7,825)	(12,071)
Profit from recurring operations		**112,299**	**94,689**
Restructuring costs	E.21	(1,025)	(1,213)
Gain/(loss) on disposal of non current assets	E.21	(164)	(204)
Other non-operating income/(expenses)		-	-
OPERATING PROFIT		111,110	93,272
Amortisation and depreciation charges included in operating profit		16,344	14,947
Operating profit before amortisation and depreciation charges		**127,454**	**108,219**
Net cost of financial debt		(10,583)	(10,700)
Other finance income		13,682	14,330
Other finance costs		(16,727)	(18,815)
NET FINANCE COST	E.22	(13,628)	(15,185)
PROFIT BEFORE TAX		97,482	78,087
Income tax	E.23	(33,871)	(26,912)
PROFIT FOR THE YEAR FROM CONSOLIDATED ENTITIES		63,611	51,175
Share of profit from associates		-	-
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		63,611	51,175
Profit/(loss) of discontinued activities	E.23	-	-
PROFIT FOR THE YEAR FROM CONSOLIDATED ENTITIES		63,611	51,175
Minority interests		4,333	3,747
NET PROFIT – GROUP SHARE		59,278	47,428
Average number of shares[2]		**14,232,102**	**14,012,090**
Earnings per share, in €:			
Earnings per share		4.17	3.38
Diluted earnings per share		4.17	3.38
Net earnings per share, in € – Continuing operations:			
Earnings per share		4.17	3.38
Diluted earnings per share		4.17	3.38
Net earnings per share, in € – Discontinued operations:			
Earnings per share		-	-
Diluted earnings per share		-	-

(1) During the financial year, the management costs of operations were reclassified from sales and marketing costs to administrative costs. To ensure comparability of these costs, the presentation of the financial statements at 31 March 2012 was restated accordingly (€12.1 million).
(2) Excluding treasury shares.

The calculation of net earnings per share takes account of the deduction of all treasury shares held by Faiveley Transport, being a total of 382,050 shares at 31 March 2013 and 427,528 at 31 March 2012.

The attached notes are an integral part of the consolidated financial statements.

2.3 STATEMENT OF COMPREHENSIVE INCOME

(€ thousands)	FY 2012/2013	FY 2011/2012
NET PROFIT FOR THE YEAR	63,611	51,175
Translation adjustment	4,267	5,443
Financial assets held for sale	-	-
Gains (losses) on financial hedge instruments	143	(3,064)
Actuarial differences	-	-
Share of gain/(losses) recorded directly in equity of associates	-	-
Movement in non-current asset revaluation reserve	-	-
Other adjustments	(257)	(210)
Income tax on items of other comprehensive income	34	1,066
ITEMS OF OTHER COMPREHENSIVE INCOME, AFTER TAX	4,188	3,235
TOTAL COMPREHENSIVE INCOME	**67,799**	**54,410**
Attributable to:		
• **Group share**	62,177	48,418
• minority interests	5,622	5,992

2.4 CONSOLIDATED CASH FLOW STATEMENT

(€ thousands)	Notes	31 March 2013	31 March 2012
Cash flow from operating activities			
Net profit for the year – Group share		59,278	47,428
Net profit for the year – Minority interests		4,333	3,747
Adjustments for non-cash items:			
• Depreciation and amortisation charges		16,344	14,947
• Cost of performance-based shares*		2,410	1,832
• Asset impairment (including goodwill)		-	-
• Net movements in provisions		5,058	5,783
• Deferred tax		4,355	(2,849)
• Net loss/(gain) on asset disposals		164	810
• Grant income		(402)	(526)
• Share of profit/(loss) of associates		-	-
• Dilution profit		-	-
SELF-FINANCING CAPACITY		91,540	71,172
Changes in working capital requirement		**(19,929)**	**(4,030)**
Decrease (+) increase (-) of inventories		3,273	(1,417)
Decrease (+) increase (-) of trade and other receivables		(33,980)	1,507
Increase (+) decrease (-) of trade and other payables		6,947	2,431
Increase (+) decrease (-) of income tax		3,831	(6,551)
NET CASH FROM OPERATING ACTIVITIES		71,611	67,142
Cash flow from investment activities			
Purchase of intangible assets		(6,684)	(7,007)
Purchase of property, plant and equipment		(13,791)	(10,102)
Proceeds from capital grants		219	46
Proceeds from disposal of PPE and intangible assets		49	189
Purchase of financial assets		(506)	(1,001)
Proceeds from sale of financial assets		551	1,159
Cash and cash equivalents of acquired subsidiaries		-	(77,608)
Cash and cash equivalents of disposed subsidiaries		-	-
NET CASH USED IN INVESTMENT ACTIVITIES		(20,162)	(94,324)
Proceeds from new share issues		-	-
Buyback of treasury shares		523	932
Movement in share and merger premiums		-	-
Other movements in equity (cash-flow hedge)		163	(1,936)
Cash dividends paid to parent company shareholders		(12,062)	(16,738)
Cash dividends paid to minority interests		(3,319)	(1,356)
Proceeds from new borrowings		106,869	101,418
Repayment of borrowings		(185,087)	(43,711)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		(92,913)	38,609
Net foreign exchange difference		(3,060)	1,169
Impact of increase/(decrease) in value of cash equivalents		3,614	1,516
Net increase/(decrease) in total cash and cash equivalents		**(40,910)**	**14,112**
Cash and cash equivalents at start of period		206,823	192,711
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**E.10**	**165,913**	**206,823**

* *For greater clarity, the IFRS 2 charge was reclassified from net cash from financing activities to the self-financing capacity. For comparability reasons, the €1.8 million charge for the year to 31 March 2012 was similarly restated.*

2.5 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(€ thousands)	Share capital	Share premium	Reserves	Translation differences	Profit for the year	Total Group share	Minority interests	TOTAL
BALANCE AT 31 MARCH 2011	13,942	74,683	266,715	(3,396)	75,683	427,627	25,648	453,275
Allocation of 2010/2011 net profit	-	-	75,683	-	(75,683)	-	-	-
Dividends paid	-	-	(16,738)	-	-	(16,738)	(1,356)	(18,094)
Capital increase	209	10,909	-	-	-	11,118	-	11,118
Issue of shares (stock options)	41	1,215	-	-	-	1,256	-	1,256
Treasury shares	(5)	(319)	-	-	-	(324)	-	(324)
Stock option plans reserved for employees (value of services provided by staff)	-	-	1,832	-	-	1,832	-	1,832
Changes in Group structure	-	-	954	-	-	954	718	1,672
Net profit for the year	-	-		-	*47,428*	*47,428*	*3,747*	*51,175*
Items of other comprehensive income	-	-	*(2,208)*	*3,198*	-	*990*	*2,245*	*3,235*
Total income and expenses recognised	**-**	**-**	**(2,208)**	**3,198**	**47,428**	**48,418**	**5,992**	**54,410**
BALANCE AT 31 MARCH 2012	14,187	86,488	326,238	(198)	47,428	474,143	31,002	505,145
Allocation of 2011/2012 net profit	-	-	47,428	-	(47,428)	-	-	-
Dividends paid	-	-	(12,062)	-	-	(12,062)	(3,319)	(15,381)
Capital increase	-	-	-	-	-	-	-	-
Issue of shares (stock options)	20	601	-	-	-	621	-	621
Treasury shares	24	1,544	(1,666)	-	-	(97)	-	(97)
Stock option plans reserved for employees (value of services provided by staff)	-	-	2,408	-	-	2,408	-	2,408
Changes in Group structure	-	-	(120)	-	-	(120)	(515)	(635)
Net profit for the period	-	-	-	-	*59,277*	*59,277*	*4,333*	*63,610*
Items of other comprehensive income	-	-	*(80)*	*2,980*	-	*2,900*	*1,289*	*4,189*
Total income and expenses recognised	**-**	**-**	**(80)**	**2,980**	**59,277**	**62,177**	**5,622**	**67,799**
BALANCE AT 31 MARCH 2013	**14,232**	**88,633**	**362,147**	**2,782**	**59,277**	**527,071**	**32,789**	**559,860**

At 31 March 2013, Faiveley Transport held 382,050 of its own shares, being 2.61% of share capital

14. CERTIFICATE OF PERSONS RESPONSIBLE FOR THE ANNUAL REPORT

"We confirm that, to our knowledge, the financial statements have been prepared pursuant to the applicable accounting standards and provide a true and fair view of the assets, financial position and profit of Faiveley Transport and all the companies included in the consolidation scope, and that the management report provides a fair presentation of the business trend, the results and the financial position of Faiveley Transport and all the companies included in the consolidation scope, as well as a description of the principal risks and uncertainties they face."

Thierry Barel
Chairman of the Management Board
Chief Executive Officer

Guillaume Bouhours
Member of the Management Board
Chief Financial Officer

BUILDING SYSTEMS
FOR TRAINS OF THE FUTURE

2011/2012 FINANCIAL REPORT

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Faiveley TRANSPORT

FAIVELEY TRANSPORT CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2012

I. CONSOLIDATED BALANCE SHEET

ASSETS (€ thousands)	Notes	31 March 2012 Net IFRS	31 March 2011 Net IFRS
SUBSCRIBED UNCALLED SHARE CAPITAL (I)			
Goodwill	E.1	648,981	562,028
Intangible assets	E.2		
Other		40,057	44,931
Property, plant and equipment	E.3		
Land		5,848	5,311
Buildings		25,662	24,359
Plant and machinery		27,436	23,666
Other		9,966	10,170
Financial investments	E.4		
Shareholdings in unconsolidated subsidiaries		245	245
Shareholdings in associates		–	–
Other non-current financial investments		5,538	4,700
Deferred tax assets	E.5	43,598	29,848
TOTAL NON-CURRENT ASSETS (II)		807,331	705,258
Inventories	E.6	144,000	133,882
Work-in-progress on long term contracts	E.7	91,048	70,145
Advances and prepayments received		3,811	5,187
Trade receivables	E.8.1	179,402	183,724
Other current assets	E.8.2	18,515	20,990
Taxation receivable		11,048	6,999
Current financial assets	E.9	9,328	12,618
Short-term investments	E.10	41,080	44,925
Cash	E.10	169,166	153,457
TOTAL CURRENT ASSETS (III)		667,398	631,927
TOTAL ASSETS (I + II + III)		1,474,729	1,337,185

The attached notes are an integral part of the consolidated financial statements.

EQUITY AND LIABILITIES (€ thousands)	Notes	31 March 2012 IFRS	31 March 2011 IFRS
Shareholders' equity			
Share capital		14,187	13,942
Share premium		86,488	74,683
Translation differences		(198)	(3,396)
Consolidated reserves		326,238	266,715
Net profit for the period		47,428	75,683
Equity attributable to owners of parent company equity		474,143	427,627
Minority interests			
Share of subsidiaries' equity		27,362	20,914
Share of subsidiaries' profit for the period		3,640	4,734
Total minority interests		31,002	25,648
TOTAL CONSOLIDATED EQUITY (I)	E.11	505,145	453,275
Provisions for non-current liabilities and charges	E.12.1 & E.12.2	36,213	35,529
Deferred tax liabilities	E.5	22,090	17,508
Non-current borrowings and financial debt	E.13	352,865	318,516
TOTAL NON-CURRENT LIABILITIES (II)		411,168	371,553
Current provisions for liabilities and charges	E.12.3	80,353	72,138
Current borrowings and financial debt	E.13	95,420	75,236
Advances and prepayments received		124,674	112,934
Current liabilities	E.15	245,444	237,360
Tax payable		12,525	14,689
TOTAL CURRENT LIABILITIES (III)		558,416	512,357
TOTAL EQUITY AND LIABILITIES (I + II + III)		1,474,729	1,337,185

The attached notes are an integral part of the consolidated financial statements.

II. CONSOLIDATED INCOME STATEMENT

(€ thousands)	Notes	31 March 2012 IFRS	31 March 2011 IFRS
Sales	E.18	900,523	913,872
Cost of sales	E.19	(666,722)	(652,404)
Gross profit		233,801	261,468
Administrative costs		(66,607)	(65,564)
Sales and marketing costs		(52,010)	(50,236)
Research and development costs		(11,111)	(11,638)
Other operating income	E.20	2,687	2,489
Other operating costs	E.20	(12,071)	(6,737)
Profit from recurring operations		94,689	129,782
Restructuring costs		(1,213)	(2,641)
Gain/(Loss) on disposal of non current assets	E.21	(204)	(475)
Other non-operating income/(expenses)		–	–
OPERATING PROFIT		93,272	126,666
Amortisation, depreciation and provision charges included in operating profit		14,947	15,503
Operating profit before amortisation and depreciation charges		108,219	142,169
Net cost of financial debt		(10,700)	(10,778)
Other finance income		14,330	25,395
Other finance costs		(18,815)	(28,041)
NET FINANCE COST	E.22	(15,185)	(13,425)
PROFIT BEFORE TAX		78,087	113,241
Income tax	E.23	(26,912)	(32,096)
PROFIT FOR THE YEAR FROM CONSOLIDATED ENTITIES		51,175	81,145
Share of profit from associates		–	–
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		51,175	81,145
Profit/(loss) for the period of discontinued activities	E.23	–	–
PROFIT FOR THE YEAR FROM CONSOLIDATED ENTITIES		51,175	81,145
Minority interests		3,747	5,462
NET PROFIT - GROUP SHARE		47,428	75,683
Number of shares		14,012,090	13,941,934
Earnings per share, in €			
Earnings per share		3.38	5.43
Diluted earnings per share		3.38	5.43
Net earnings per share, in € - continuing operations:			
Earnings per share		3.38	5.43
Diluted earnings per share		3.38	5.43
Net earnings per share, in € - discontinued operations:			
Earnings per share		–	–
Diluted earnings per share		–	–

The calculation of net earnings per share takes account of the deduction of all treasury shares held by Faiveley Transport, being a total of 427,528 shares at 31 March 2012 and 462,777 au 31 March 2011.

The attached notes are an integral part of the consolidated financial statements.

III. STATEMENT OF COMPREHENSIVE INCOME

(€ thousands)	2011/2012 FY	2010/2011 FY
NET PROFIT OF THE YEAR	51,175	81,145
Translation adjustment	5,443	9,751
Financial assets held for sale	–	–
Gains (losses) on financial hedging instruments	(3,064)	4,106
Actuarial differences	–	–
Share of gain/(losses) recorded directly in equity	–	–
Movement in non-current asset revaluation reserve	–	–
Other adjustments	(210)	169
Income tax on items of other comprehensive income	1,066	–
ITEMS OF OTHER COMPREHENSIVE INCOME, AFTER TAX	3,235	14,026
TOTAL COMPREHENSIVE INCOME	54,410	95,171
Of which:		
• Group share	48,418	90,726
• attributable to minority interests	5,992	4,445

At 31 March 2011, stock option plans reserved for employees were classified under items of other comprehensive income. A separate line has been created for these in the consolidated statement of changes in equity at 31 March 2012 and data at 31 March 2011 has been restated accordingly.

IV. CONSOLIDATED CASH FLOW STATEMENT

(€ thousands)	Notes	31 March 2012 IFRS	31 March 2011 IFRS
Cash flow from operating activities			
Net profit for the period - Group share		47,428	75,683
Minority interests		3,747	5,462
Adjustments for non-cash items			
• Depreciation and amortisation charges		14,947	15,504
• Asset impairment (including goodwill)		–	–
• Net movements in provisions		5,783	38
• Deferred tax		(2,849)	937
• Net loss/(gain) on asset disposal		810	475
• Grant income		(526)	(338)
• Share of profit/(loss) from associates		–	–
• Dilution profit		–	–
SELF-FINANCING CAPACITY		69,340	97,761
Changes in working capital requirement		(4,030)	(4,106)
Decrease (+) increase (-) of inventories		(1,417)	(5)
Decrease (+) increase (-) of trade and other receivables		1,507	(27,309)
Increase (+) decrease (-) of trade and other payables		2,431	23,019
Increase (+) decrease (-) of income tax		(6,551)	189
NET CASH GENERATED FROM OPERATING ACTIVITIES		65,310	93,655
Cash flow from investing activities			
Purchase of intangible assets		(7,007)	(7,671)
Purchase of property, plant and equipment		(10,102)	(10,233)
Proceeds from grants		46	–
Proceeds from disposal of PPE and intangible assets		189	155
Purchase of financial assets		(1,001)	(1,849)
Proceeds from sale of financial assets		1,159	665
Cash and cash equivalent of acquired subsidiaries		(77,608)	(5,001)
Cash and cash equivalent of disposed subsidiaries		–	–
NET CASH USED IN INVESTING ACTIVITIES		(94,324)	(23,934)
Proceeds from new share issues		–	–
Buyback of treasury shares		932	(14,235)
Movement in share and merger premiums		–	–
Other movements in equity (cash-flow hedge)		(104)	5,527
Cash dividends paid to parent company shareholders		(16,738)	(17,024)
Cash dividends paid to minority interests		(1,356)	–
Proceeds from new borrowings		101,418	1,705
Repayment of borrowings		(43,711)	(55,584)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		40,441	(79,611)
Net foreign exchange difference		1,169	13,358
Impact of increase/(decrease) in value of cash equivalents		1,516	(2,483)
Net increase/(decrease) in total cash and cash equivalents		14,112	985
Cash and cash equivalents at start of year		192,711	191,726
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	E.10	206,823	192,711

V. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(€ thousands)	Share capital	Share premium	Reserves	Translation differences	Profit for the period	Total Group share	Minority interests	Total
BALANCE AT 31 MARCH 2010	14,121	88,739	208,411	(14,417)	71,119	367,973	8,693	376,666
Allocation of 2009/10 net profit	–	–	71,119	–	(71,119)	–	–	–
Dividends paid	–	–	(16,899)	–	–	(16,899)	(125)	(17,024)
Issue of shares (stock options)	118	3,542	–	–	–	3,660	–	3,660
Treasury shares	(297)	(17,598)	–	–	–	(17,895)	–	(17,895)
Stock option plans reserved for employees (value of services provided by staff)	–	–	1,049	–	–	1,049	–	1,049
Changes in Group structure	–	–	(987)	–	–	(987)	12,635	11,648
Net profit for the year	–	–	–	–	*75,683*	*75,683*	*5,462*	*81,145*
Items of other comprehensive income	–	–	*4,022*	*11,021*	–	*15,043*	*(1,017)*	*14,026*
Total income and expense recognised	–	–	4,022	11,021	75,683	90,726	4,445	95,171
BALANCE AT 31 MARCH 2011	13,942	74,683	266,715	(3,396)	75,683	427,627	25,648	453,275
Allocation of 2010/11 net profit	–	–	75,683	–	(75,683)	–	–	–
Dividends paid	–	–	(16,738)	–	–	(16,738)	(1,356)	(18,094)
Capital increase	209	10,909	–	–	–	11,118	–	11,118
Issue of shares (stock options)	41	1,215	–	–	–	1,256	–	1,256
Treasury shares	(5)	(319)	–	–	–	(324)	–	(324)
Stock option plans reserved for employees (value of services provided by staff)	–	–	1,832	–	–	1,832	–	1,832
Changes in Group structure	–	–	954	–	–	954	718	1,672
Net profit for the period	–	–	–	–	*47,428*	*47,428*	*3,747*	*51,175*
Items of other comprehensive income	–	–	*(2,208)*	*3,198*	–	*990*	*2,245*	*3,235*
Total income and expense recognised	–	–	(2,208)	3,198	47,428	48,418	5,992	54,410
BALANCE AT 31 MARCH 2012	14,187	86,488	326,238	(198)	47,428	474,143	31,002	505,145

At 31 March 2012, Faiveley Transport held 427,528 of its own shares, being 2.93% of share capital.

CERTIFICATE OF PERSONS RESPONSIBLE FOR THE ANNUAL REPORT

"We confirm that, to our knowledge, the financial statements have been prepared pursuant to the applicable accounting standards and provide a true and fair view of the assets, financial position and profit of Faiveley Transport and all the companies included in the consolidation scope, and that the management report provides a fair presentation of the business trend, the results and the financial position of Faiveley Transport and all the companies included in the consolidation scope, as well as a description of the principal risks and uncertainties they face."

Thierry Barel
Chairman of the Management Board
Chief Executive Officer

Guillaume Bouhours
Member of the Management Board
Chief Financial Officer

Limited liability company governed
by a Management Board and Supervisory Board
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FINANCIAL REPORT
2010-2011

Falveley TRANSPORT
For all the trains in the world

FAIVELEY TRANSPORT GROUP
CONSOLIDATED FINANCIAL STATEMENTS
AT 31 MARCH 2011

1.2.1. CONSOLIDATED BALANCE SHEET

Assets (€ thousands)	Notes	31 March 2011 Gross	Amort., depr. and provision charges	Net IFRS	31 March 2010 Net IFRS	31 March 2009 Net Restated(*)	31 March 2009 Net IFRS
SUBSCRIBED UNCALLED SHARE CAPITAL (I)							
Acquisition goodwill	**1**	**562,028**		**562,028**	**540,013**	**536,988**	**535,871**
Intangible assets:	**2 & 4**						
Other		71,893	26,962	44,931	52,953	48,966	48,966
Property, plant and equipment	**3 & 4**						
Land		5,545	234	5,311	5,350	5,331	5,331
Buildings		75,361	51,002	24,359	27,547	30,493	30,493
Plant and machinery		133,625	109,959	23,666	22,490	22,553	22,553
Other		43,386	33,216	10,170	10,873	10,503	10,503
Financial investments	**5**						
Shareholdings in unconsolidated subsidiaries		922	677	245	230	211	211
Shareholdings in associates		–	–	–	–	–	–
Other		5,476	776	4,700	4,147	7,066	7,494
Deferred tax assets	**6**	**29,848**		**29,848**	**31,591**	**28,909**	**28,845**
TOTAL NON-CURRENT ASSETS (II)		**928,084**	**222,826**	**705,258**	**695,194**	**691,020**	**690,267**
Inventories	**7**	149,210	15,328	133,882	134,286	135,821	136,092
Advances and prepayments on orders		5,187	–	5,187	5,740	8,185	8,185
Trade receivables	**9.1**	188,605	4,881	183,724	164,585	149,548	149,548
Other operating receivables	**9.2**	89,008	–	89,008	79,176	61,243	61,243
Other receivables	**9.3**	2,250	123	2,127	1,586	1,343	1,343
Taxation receivable		6,999	–	6,999	6,811	5,938	5,938
Current financial assets	**10**	12,618	–	12,618	7,370	3,213	3,213
Current investments	**11**	44,928	3	44,925	40,944	26,790	26,790
Cash	**11**	153,457	–	153,457	155,761	137,287	137,287
Assets of discontinued operations / held for sale		–	–	–	–	–	–
TOTAL CURRENT ASSETS (III)		**652,262**	**20,335**	**631,927**	**596,259**	**529,368**	**529,639**
TOTAL ASSETS (I + II + III)		**1,580,346**	**243,161**	**1,337,185**	**1,291,453**	**1,220,388**	**1,219,906**

(*) Restated following the adjustment to the acquisition goodwill of Ellcon National in the year of allocation.

The attached notes are an integral part of the consolidated financial statements.

Equity and liabilities (€ thousands)	Notes	31 March 2011 IFRS	31 March 2010 IFRS	31 March 2009 Restated*	31 March 2009 IFRS
Equity					
Share capital		13,942	14,121	14,073	14,073
Share premium		74,683	88,739	86,955	86,955
Translation differences		(3,396)	(14,417)	(36,034)	(36,034)
Consolidated reserves		266,715	208,411	173,595	173,595
Net profit for the year		75,683	71,119	51,483	51,483
EQUITY ATTRIBUTABLE TO HOLDERS OF PARENT COMPANY EQUITY		**427,627**	**367,973**	**290,072**	**290,072**
Minority interests					
Share of subsidiaries' equity		20,914	5,437	5,349	5,349
Share of subsidiaries' profit for the year		4,734	3,256	1,500	1,500
TOTAL MINORITY INTERESTS		**25,648**	**8,693**	**6,849**	**6,849**
TOTAL EQUITY (I)	**13**	**453,275**	**376,666**	**296,921**	**296,921**
Provisions for non-current liabilities and charges	**14.1 & 14.2**	35,529	38,812	42,423	42,423
Deferred tax liabilities	**6**	17,508	23,466	20,125	19,745
Non-current borrowings	**15**	318,516	369,422	419,984	419,982
TOTAL NON-CURRENT LIABILITIES (II)		**371,553**	**431,700**	**482,532**	**482,150**
Current provisions for liabilities and charges	**14.3**	72,138	70,941	62,787	62,882
Current borrowings	**15**	75,236	73,266	59,421	59,421
Advances and prepayments received		112,934	100,513	77,863	77,863
Operating liabilities	**17.1**	227,108	210,354	213,928	213,733
Tax payables		14,689	13,929	14,625	14,625
Other liabilities	**17.2**	10,252	14,084	12,311	12,311
Liabilities of discontinued operations/held for sale		–	–	–	–
TOTAL CURRENT LIABILITIES (III)		**512,357**	**483,087**	**440,935**	**440,835**
TOTAL EQUITY AND LIABILITIES (I + II + III)		**1,337,185**	**1,291,453**	**1,220,388**	**1,219,906**

(*) Restated following the adjustment to the acquisition goodwill of Ellcon National in the year of allocation.

The attached notes are an integral part of the consolidated financial statements.

1.2.2. CONSOLIDATED INCOME STATEMENT

(€ thousands)	Notes	31 March 2011 IFRS	31 March 2010 IFRS	31 March 2009 IFRS
SALES (EXCL. VAT)	20	**913,872**	**875,948**	**852,024**
Cost of sales	21	(652,404)	(628,917)	(609,733)
GROSS PROFIT		**261,468**	**247,031**	**242,291**
Administrative costs		(65,564)	(68,758)	(73,938)
Sales and marketing costs		(50,236)	(46,107)	(38,451)
Research and development costs		(11,638)	(11,425)	(12,864)
Other operating income	22	5,026	7,684	2,595
Other operating expenses	22	(9,274)	(9,574)	(5,135)
PROFIT FROM RECURRING OPERATIONS		**129,782**	**118,851**	**114,498**
Restructuring costs		(2,641)	(288)	(455)
Gains/(losses) on disposals of non-current assets	23	(475)	(316)	(256)
Other non-operating income/(expenses)				
OPERATING PROFIT		**126,666**	**118,247**	**113,787**
Amortisation and depreciation charges included in operating profit	4	15,503	15,976	15,364
Operating profit before amortisation and depreciation charges		**142,169**	**134,223**	**129,151**
Cost of net financial debt		(10,778)	(13,956)	(17,685)
Other finance income		25,395	34,396	42,181
Other finance costs		(28,041)	(35,978)	(38,941)
NET FINANCE EXPENSE	24	**(13,425)**	**(15,538)**	**(14,445)**
PROFIT BEFORE TAX		**113,241**	**102,709**	**99,342**
Income tax	25	(32,096)	(27,852)	(28,095)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**81,145**	**74,857**	**71,247**
Share of profit from associates		–	–	–
PROFIT FOR THE YEAR OF CONTINUING OPERATIONS		**81,145**	**74,857**	**71,247**
Profit/(loss) for the year of discontinued operations	26			
PROFIT FOR THE YEAR		**81,145**	**74,857**	**71,247**
Minority interests		5,462	3,738	19,764
NET PROFIT - GROUP SHARE		**75,683**	**71,119**	**51,483**
Number of shares		**13,941,934**	**14,120,822**	**12,667,172**
Earnings per share, in €:				
Earnings per share		5.43	5.04	4.06
Diluted earnings per share		5.43	5.04	4.06
Net earnings per share, in € - continuing operations				
Earnings per share		5.43	5.04	4.06
Diluted earnings per share		5.43	5.04	4.06
Net earnings per share, in € - discontinued operations				
Earnings per share		0.00	0.00	0.00
Diluted earnings per share		0.00	0.00	0.00

The calculation of net earnings per share takes account of the deduction of all treasury shares held by Faiveley Transport, being a total of 462,777 shares at 31 March 2011, 283,889 shares at 31 March 2010 and 331,195 shares at March 2009.

The attached notes are an integral part of the consolidated financial statements.

1.2.3. STATEMENT OF COMPREHENSIVE INCOME

(€ thousands)	Year 2010/2011	Year 2009/2010	Year 2008/2009
NET PROFIT FOR THE YEAR	**81,145**	**74,857**	**71,247**
Translation adjustment	9,751	21,865	(20,957)
Financial assets held for sale			
Gains/(losses) on financial hedging instruments	4,106	(3,232)	(1,256)
Actuarial differences	–	–	–
Share of gains and losses recorded directly in equity	–	–	–
Movement in revaluation reserve for non-current assets	–	–	–
Other	1,218	599	645
Tax on other elements of comprehensive income			
OTHER ELEMENTS OF COMPREHENSIVE INCOME, AFTER TAX	**15,075**	**19,232**	**(21,568)**
TOTAL COMPREHENSIVE INCOME	**96,220**	**94,089**	**49,679**
Of which:			
- Group share	**91,775**	**90,115**	**37,359**
- minority interests	4,445	3,974	12,320

1.2.4. CONSOLIDATED CASH FLOW STATEMENT

(€ thousands)	Notes	31 March 2011 IFRS	31 March 2010 IFRS	31 March 2009 IFRS
Cash flow from operating activities				
Profit for the year - Group share		75,683	71,119	51,483
Minority interests' stake in profit for the year		5,462	3,738	19,764
Adjustments for non-cash items:				
- Depreciation and amortisation charges		15,504	15,976	15,359
- Asset impairment (including acquistion goodwill impairment)		–	–	5
- Net movements in provisions		38	7,106	(7,406)
- Deferred tax		937	1,273	(1,565)
- Net losses/(gains) on asset disposals		475	335	256
- Grant income		(338)	(233)	(112)
- Share of profit/(loss) from associates		–	–	–
- Dilution profit		–	–	–
SELF-FINANCING CAPACITY		**97,761**	**99,314**	**77,784**
Changes in working capital	**12**	**(4,106)**	**(9,160)**	**28,757**
NET CASH GENERATED FROM OPERATING ACTIVITIES		**93,655**	**90,154**	**106,541**
Cash from investing activities:				
Purchases of intangible assets		(7,671)	(7,732)	(6,397)
Purchases of property, plant and equipment		(10,233)	(9,269)	(9,741)
Proceeds from grants		–	–	–
Proceeds from disposal of PPE and intangible assets		155	163	275
Purchase of financial investments		(1,849)	(741)	(1,073)
Proceeds from sale of financial investments		665	520	1,291
Cash and cash equivalents of acquired subsidiaries		(5,001)	–	(457,607)
Cash and cash equivalents of disposed subsidiaries		–	–	–
NET CASH USED IN INVESTING ACTIVITIES		**(23,934)**	**(17,059)**	**(473,252)**
Increase in capital or transfers		–	–	1,875
Buyback/(sale) of treasury shares		(14,235)	1,833	(43)
Movement in share premium		–	–	85,244
Other movements in equity (cash flow hedge)		5,527	(2,230)	(1,257)
Cash dividends paid to equity holders of the parent company		(17,024)	(14,069)	(4,269)
Cash dividends paid to minority interests		–	–	(590)
Proceeds from new borrowings		1,705	1,081	392,926
Repayment of borrowings		(55,584)	(30,146)	(46,980)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		**(79,611)**	**(43,531)**	**426,906**
Net foreign exchange difference		13,358	17,033	(30,961)
Impact of increase/(decrease) in value of cash equivalents		(2,483)	(51)	4,256
Net increase/(decrease) in total cash		**985**	**46,546**	**33,490**
Cash and cash equivalents at start of year		191,726	145,180	111,690
CASH AND CASH EQUIVALENTS AT END OF YEAR	**11**	**192,711**	**191,726**	**145,180**

1.2.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€ thousands)	Capital	Share premium	Reserves	Translation adjustment	Profit for the year	Total Group share	Minority interests	Total
BALANCE AT 31 MARCH 2008	**12,191**	**2,802**	**126,708**	**(8,117)**	**36,316**	**169,900**	**116,857**	**286,757**
Allocation of 2007/2008 profit	–	–	36,316	–	(36,316)	–	–	–
Dividends paid	–	(2,060)	(2,209)	–	–	(4,269)	(590)	(4,859)
Issue of shares (stock options)	7	186	–	–	–	193	–	193
Treasury shares	–	(229)	–	–	–	(229)	–	(229)
Changes in group structure	1,875	86,256	13,978	(14,991)	–	87,118	(121,739)	(34,621)
Profit for the year	–	–	–	–	*51,483*	*51,483*	*19,764*	*71,247*
Other elements of comprehensive income	–	–	*(1,198)*	*(12,926)*	–	*(14,124)*	*(7,444)*	*(21,568)*
Total income and expenses recognised	–	–	**(1,198)**	**(12,926)**	**51,483**	**37,359**	**12,320**	**49,679**
BALANCE AT 31 MARCH 2009	**14,073**	**86,955**	**173,595**	**(36,034)**	**51,483**	**290,072**	**6,849**	**296,921**
Allocation of 2008/2009 profit	–	–	51,483	–	(51,483)	–	–	–
Dividends paid	–	–	(14,069)	–	–	(14,069)	–	(14,069)
Issue of shares (stock options)	63	1,770	–	–	–	1,833	–	1,833
Treasury shares	(15)	14	–	–	–	(1)	–	(1)
Changes in group structure	–	–	23	–	–	23	(2,130)	(2,107)
Profit for the year	–	–	–	–	*71,119*	*71,119*	*3,738*	*74,857*
Other elements of comprehensive income	–	–	*(2,621)*	*21,617*	–	*18,996*	*236*	*19,232*
Total income and expenses recognised	**0**	**0**	**(2,621)**	**21,617**	**71,119**	**90,115**	**3,974**	**94,089**
BALANCE AT 31 MARCH 2010	**14,121**	**88,739**	**208,411**	**(14,417)**	**71,119**	**367,973**	**8,693**	**376,666**
Allocation of 2009/2010 profit	–	–	71,119	–	(71,119)	–	–	–
Dividends paid	–	–	(16,899)	–	–	(16,899)	(125)	(17,024)
Issue of shares (stock options)	118	3,542	–	–	–	3,660	–	3,660
Treasury shares	(297)	(17,598)	–	–	–	(17,895)	–	(17,895)
Changes in group structure	–	–	(987)	–	–	(987)	12,635	11,648
Profit for the year	–	–	–	–	*75,683*	*75,683*	*5,462*	*81,145*
Other elements of comprehensive income	–	–	*5,071*	*11,021*	–	*16,092*	*(1,017)*	*15,075*
Total income and expense recognised	–	–	**5,071**	**11,021**	**75,683**	**91,775**	**4,445**	**96,220**
BALANCE AT 31 MARCH 2011	**13,942**	**74,683**	**266,715**	**(3,396)**	**75,683**	**427,627**	**25,648**	**453,275**

At 31 March 2011, Faiveley Transport held 462,777 of its own shares, being 3.21% of the share capital.

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. The information presented below is an opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report also includes information relating to the specific verification of information given in the management report. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 March 2011, on:

- the audit of the accompanying consolidated financial statements of Faiveley Transport;
- the justification of our assessments;
- the specific verification required by the law.

The consolidated financial statements have been approved by the Management Board. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and a fair view of the assets and liabilities and of the financial position of the group as at 31 March 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in note C-1 to the consolidated financial statements regarding the change of accounting method related to the implementation of "Revised IFRS 3 – business combinations" and "Revised IAS 27 – Consolidated and separate financial statements".

II. Justification of our assessments

In accordance with the requirements of Article L823-9 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- At the year-end, the Group systematically performs impairment testing on goodwill and intangible assets with indefinite lives in accordance with the terms and conditions described in Note E-1 to the consolidated financial statements. We have reviewed the methods for implementing this impairment testing as well as the cash flow forecasts and assumptions used and have verified that note E-1 provides appropriate disclosure.
- The Group recognizes income generated on contracts using the percentage of completion method in accordance with the terms and conditions described in note C-6-1 to the consolidated financial statements. These results are dependent on estimates on contract completion performed by contract completion by the company and examining the procedures used by executive management to approve these estimates.
- The Group records provisions to cover miscellaneous liabilities and losses as described in note C-15-2. Our work notably consisted in assessing the financial information and the assumptions on which these estimates have been based, in reviewing, on a test basis, the calculations performed by the Company and in examining the procedures used by executive management to approve these estimates. On this basis, we assessed the reasonableness of estimates made.
- Notes C-15 and E-14-2 specify the valuation methods used to measure pension and other similar related obligations. These obligations have been evaluated by actuaries. Our procedures consisted in examining the financial information used, assessing the assumptions adopted and verifying that notes C-15 and E-14-2 to the consolidated financial statements provide appropriate disclosure.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Dijon, 20 July 2011
The Statutory Auditors

Deloitte Marque & Gendrot
Bénédicte Sabadie-Faure

Expertise Comptable et Audit
Jérôme Burrier

FAIVELEY TRANSPORT PARENT COMPANY FINANCIAL STATEMENTS

AT 31 MARCH 2011

1.4.1. BALANCE SHEET

Assets (€ thousands)	Notes	31 March 2011 Gross	Amortisation, depreciation, and provision charges	Net	31 March 2010 Net	31 March 2009 Net
NON-CURRENT ASSETS						
Intangible assets						
Other intangible assets	Note 1	389,917	4,427	385,490	385,742	386,060
In progress	Note 1	11,194	–	11,194	7,095	3,782
Property, plant and equipment						
Buildings	Note 1	106	89	17	23	29
Plant and machinery	Note 1	39	1	38	65	65
Other	Note 1	601	439	162	304	358
Financial assets						
Equity investments	Note 2	417,944	–	417,944	412,663	412,497
Loans and receivable from equity investments	Note 2	139,510	–	139,510	157,316	177,829
Other equity investments	Note 2	492	–	492	434	375
TOTAL (I)		**959,802**	**4,955**	**954,848**	**963,641**	**980,994**
CURRENT ASSETS						
Receivables						
Advances and prepayments on orders	Note 3	179	–	179	56	46
Trade receivables	Note 3	42,069	–	42,069	36,990	41,109
Other receivables	Note 3	3,411	–	3,411	3,476	7,710
Tax grouping	Note 3	0	–	0	1,744	1,354
Cash and cash equivalents						
Marketable securities (1)	Note 4	34,306	2	34,304	40,011	31,957
Cash (2)	Note 4	252,280	–	252,280	208,947	202,698
Prepaid expenses	Note 11	613	–	613	690	346
Translation difference		57	–	57	1,428	1,947
TOTAL (II)		**332,915**	**2**	**332,914**	**293,342**	**287,167**
TOTAL ASSETS (I + II)		**1,292,717**	**4,956**	**1,287,761**	**1,256,983**	**1,268,161**

(1) Including treasury shares of €22,097 thousand.

(2) Including treasury shares held within the framework of the liquidity contract of €329 thousand.

Equity and liabilities (€ thousands)	Notes	31 March 2011 before allocation	31 March 2010 before allocation	31 March 2009 before allocation
EQUITY				
Share capital	Note 5	14,405	14,405	14,405
Share premium	Note 5	94,045	94,045	94,045
Legal reserve	Note 5	1,440	1,440	388
Regulated reserves	Note 5			0
Other reserves	Note 5			0
Retained earnings	Note 5	86,292	61,883	116
Net profit/(loss)	Note 5	(1,757)	41,308	76,887
Regulated provisions	Note 6	–	–	–
TOTAL EQUITY (I)		**194,426**	**213,082**	**185,841**
PROVISIONS FOR LIABILITIES AND CHARGES	Note 6	960	1,972	2,548
TOTAL (II)		**960**	**1,972**	**2,548**
LIABILITIES				
Loans and borrowings				
Loans and borrowings from credit institutions	Note 7	595,278	617,810	657,485
Other loans and borrowings	Note 7	464,079	387,307	380,772
Other liabilities				
Trade payables	Note 8	13,448	15,633	16,554
Tax and social security liabilities	Note 8	9,172	6,821	4,983
Other liabilities	Note 8	7,209	8,479	3,633
Deferred income	Note 11	–	10	–
Translation difference		3,191	5,870	16,345
TOTAL (III)		**1,092,376**	**1,041,929**	**1,079,772**
TOTAL EQUITY AND LIABILITIES (I + II + III)		**1,287,761**	**1,256,983**	**1,268,161**

1.4.2. INCOME STATEMENT

(€ thousands)	Notes	31 March 2011	31 March 2010	31 March 2009
Sales (ex.VAT)	Note 12	**48,860**	**48,565**	**1,402**
Cost of sales		(42,988)	(42,233)	(251)
GROSS PROFIT		**5,872**	**6,332**	**1,151**
Non-productive fixed costs		(8,023)	(6,541)	(4,803)
Other income		741	135	195
Other expenses		(190)	(161)	(27)
Restructuring costs		–	–	–
OPERATING PROFIT/(LOSS)		**(1,600)**	**(235)**	**(3,484)**
Amortisation and depreciation charges included in operating profit/(loss)		420	381	2
OPERATING PROFIT/(LOSS) AND AMORTISATION AND DEPRECIATION CHARGES		**(1,180)**	**146**	**(3,482)**
Net finance income/(expense)	Note 15	(2,216)	37,156	75,161
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES		**(3,816)**	**36,921**	**71,677**
EXCEPTIONAL INCOME/(EXPENSE)	Note 16	**1,317**	**(244)**	**–**
Employee profit-sharing		–	–	–
Income tax	Note 17	742	4,630	5,210
NET PROFIT/(LOSS)		**(1,757)**	**41,308**	**76,887**

1.4.3. CASH FLOW STATEMENT

(€ thousands)	Notes	31 March 2011	31 March 2010	31 March 2009
Cash flow from operating activities:				
Net profit/(loss)		(1,757)	41,308	76,887
Adjustment for non-cash flow items:				
• Depreciation and amortisation charges		420	381	2
• Provision charges		548	1,429	67
• Provision reversals		(1,560)	(2,005)	(523)
• Gains/(losses) on asset disposals		–	–	–
Self-financing capacity		**(2,349)**	**41,113**	**76,433**
Changes in working capital:				
• Decrease/(increase) in receivables		(1,946)	19,720	4,531
• Increase/(decrease) in payables and accrued expenses		(4,862)	(4,702)	(9,831)
Net cash generated from/(used in) operating activities		**(9,157)**	**56,131**	**71,133**
Cash flow from investing activities				
Purchase of PPE and intangible assets		(4,120)	(3,315)	(388,882)
Proceeds from disposal of PPE and intangible assets		26	–	–
Purchase of financial investments		(5,339)	(1,780)	(4)
Proceeds from sale of financial investments		12,087	10,476	30
Cash arising from acquisitions of subsidiaries		–	–	(8,842)
Net cash generated from/(used in) investing activities		**2,654**	**5,381**	**(397,698)**
Proceeds from share capital increases		–	–	1,875
Other movements in equity		–	–	84,135
Cash dividends paid		(16,899)	(14,069)	(4,269)
Proceeds from new borrowings		–	7,552	292,146
Repayment of borrowings		(59,699)	(32,009)	(480)
Movement in Group current accounts		92,751	3,623	(36,405)
Net cash generated from/(used in) financing activities		**16,153**	**(34,903)**	**337,002**
Net increase/(decrease) in cash and cash equivalents		9,650	26,609	10,437
Cash and cash equivalents at the start of period		48,826	22,217	11,780
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**Note 4**	**58,476**	**48,826**	**22,217**

1.4.4. NOTES TO THE PARENT COMPANY FINANCIAL STATEMENT

Notes to the parent company financial statements at 31 March 2011. Total assets on this date amounted to €1,287,791 thousand, and the income statement reflected a net profit of €1,757 thousand. The financial period was of 12 months and covered the period from 1 April 2010 to 31 March 2011.

CERTIFICATE OF THE PERSON RESPONSIBLE FOR THE ANNUAL REPORT

"I confirm that, to my knowledge, the financial statements have been prepared pursuant to the applicable accounting standards and provide a true and fair view of the assets, financial position and profit of Faiveley Transport and all the companies included in the consolidation scope, and that the management report provides a fair presentation of the business trend, the results and the financial position of Faiveley Transport and all the companies included in the consolidation scope, as well as a description of the principal risks and uncertainties they face."

Chairman of the Management Board of Faiveley Transport

Chief Executive Officer of Faiveley Transport

Thierry BAREL

CODE OF ETHICS

FAIVELEY TRANSPORT

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FOREWORD

THE COMPANY AND THE GROUP

This Code (hereinafter referred to as the "Code of Ethics") states the commitments and ethical responsibilities in the conduct of business and company activities by the staff members of Faiveley Transport, (hereinafter referred to as the "Company"), as a Company of the Faiveley Group, whether employees, directors or any kind of Company co-workers.
The achievement of the Faiveley Transport objectives is pursued by all the Company staff members with loyalty, seriousness, honesty, skills and transparency, in the absolute compliance with the laws and regulations in force.

RELATIONSHIPS WITH STAKEHOLDERS

The presence of the Faiveley Group in national and international markets, its effectiveness in various contexts and the multiplicity of its partners and counterparties make the relationships of Faiveley Transport. with the Faiveley Group and the stakeholders extremely important, the stakeholders being all public and private parties, individuals, groups, companies, institutions, which have contacts of any kind with Faiveley Transport. and/or have any interest in the activities of the Company. Faiveley Transport conduct of business is strictly compliant with the French laws and with the market rules and principles on which fair competition is based.

KEY PRINCIPLES

Compliance with the pertinent laws, transparency and proper management, trust and cooperation with stakeholder are the ethical principles followed by Faiveley Transport and from which it draws inspiration for its model of conduct, to compete effectively and fairly in the market, to improve customer satisfaction, to give added value to its shareholders, to develop the competence and the professional growth of its human resources. In particular, the belief of acting to the Company's advantage does not justify the adoption of a conduct contrary to these principles. All those who work for Faiveley Transport, without any distinctions and exceptions, are therefore committed to observe these principles and to have them observed within the scope of their own functions and responsibilities. Hence, the commitment-related need for all parties having business relationships with Faiveley Transport to act towards the Company following rules and policies based on the same values.

CODE OF ETHICS

Faiveley Transport. deemed it appropriate and necessary to adopt and issue a Code of Ethics which states the values to which all its directors, employees and co-workers of any kind shall conform, by accepting responsibilities, structures, roles and rules for whose violation, even if it does not imply any third party liability of the Company, they are personally liable within and outside the Company. Knowledge and observance of the Code of Ethics by all those who work for Faiveley Transport are therefore the main conditions for preserving the transparency and reputation of the Company. Furthermore, the Code is distributed to all those who have any business relationships with Faiveley Transport.
Supervision of the enforcement of the Code of Ethics and of its implementation is the task of the directors and employees of Faiveley Transport who shall report any non-compliance or failure to perform to the Company Management or to the special body called "Supervision Body on the Code of Ethics", if established.
The Management Board and the Company Management can promote proposals to integrate or modify the Code of Ethics. It is also the task of the Management Board to modify, integrate and update the Code of Ethics to adjust it as required to meet the relevant laws and the evolving civil awareness. As regards, in particular, the offences provided for in the L.D. 231/01 and amendments thereof, a Supervision Body has been established to verify the operation and the effectiveness of the Organisation and Management Model adopted by Faiveley Transport for the prevention of the aforesaid offences.

GENERAL PRINCIPLES

COMPLIANCE WITH LAWS AND REGULATIONS

Faiveley Transport operates in full observance of the laws and regulations in force in the Countries where it carries out its activity, in accordance with the principles established in the Code of Ethics and the procedures provided for in internal memoranda. The moral uprightness is a firm duty of all those who work for Faiveley Transport and characterizes the conduct of its organization.
The directors and employees of Faiveley Transport as well as those who work for the Company, at any title, are therefore required to be familiar with and observe the laws and regulations in force in the Countries where the Company is present. This obligation also includes the attention towards and the respect of the rules which regulate the competition both in the domestic and international markets.
Relationships between the Authorities and the people working for Faiveley Transport shall be characterized by their extreme fairness, transparency and collaboration, in the full observance of all applicable laws and regulations, and respectful of their institutional roles.

ENVIRONMENTAL COMPATIBILITY

The goods and services supplied by Faiveley Transport are produced and provided in compliance with the state of the art in its own activity sector and with the rules, laws and regulations in force as for quality, work, protection of workers' safety and health, as well as for the protection of the environment.
Faiveley Transport is committed to guarantee the adequate quality and characteristics of its manufacturing means and processes, which shall comply with the technical innovations and be aimed in particular at improving the quality and characteristics of the supplied goods and/or services.

MODELS AND RULES OF CONDUCT

All the working activities of those who work for Faiveley Transport shall be performed with professional care, honesty and managerial fairness, in the best interests of the Company.
The conduct and the relationships of all those who work, at any level, for Faiveley Transport, inside or outside the Company, shall be inspired by transparency, fairness and mutual respect. In such a context, the Managers shall be the first to represent, through their conduct, an example to everyone in Faiveley Transport, by complying, in the performance of their duties, with the principles of the Code of Ethics and with the Company's procedures and rules; they must also circulate them among the employees and encourage them to submit inquiries about them or proposals for updating them where necessary.
Furthermore, Faiveley Transport requests Directors to do their best to propose and execute the projects, the investments and the industrial, commercial and managerial actions deemed useful for preserving and increasing the economic, technological and professional assets of the Company.
Faiveley Transport further guarantees the availability of supporting information to enable the Company's roles and bodies, the auditing bodies and the internal control bodies, as well as surveillance authorities, to carry out the widest and most effective control activity.

DISSEMINATION AND OBSERVANCE OF THE CODE OF ETHICS

Faiveley Transport promotes the knowledge and observance of the Code of Ethics, of internal memoranda and of their updated versions among all directors, employees, co-workers of any kind, commercial and financial partners, consultants, customers and suppliers, requiring them to respect it and providing, in case of non compliance, for adequate disciplinary actions or contractual penalties. The aforesaid subjects shall therefore become familiar with the contents of the Code of Ethics, by asking questions and receiving explanations from company compliance officers as to their interpretation, to observe the Code and to help implement the same, by reporting any omissions or breaches (or even attempted breaches) that they have learnt about.

Faiveley Transport also promotes and encourages the collaboration of the employees in enforcing the observation, knowledge and implementation of the Code of Ethics and the internal memoranda, each employee within the scope of his/her competence and duties.

HUMAN RESOURCES AND EMPLOYMENT POLICY

PRINCIPAL CONDITIONS

Human resources are a fundamental component for the existence of the Company and a crucial factor for its successful competition on the market. Honesty, fairness, competence, professionalism, integrity, technical skills and commitment of the personnel are therefore the principal conditions for the attainment of the Company objectives and are the requisites Faiveley Transport requires of its directors, employees and co-workers of any kind.

SELECTION POLICIES

In order to contribute to achieving the development objectives of the Company and to assure that the said objectives have been pursued by everybody in accordance with the ethical principles and values which inspire Faiveley Transport, the company policy aims at selecting each employee, consultant, collaborator of any type on the basis of the aforesaid values and characteristics. During selection, which is conducted without any discrimination with regard to the applicant's private life and opinions, Faiveley Transport shall see that hired human resources correspond to the positions effectively needed in the Company, avoiding favouritism and any kind of facilitation.

PROFESSIONAL DEVELOPMENT

In the development of the employer-employee relationship, Faiveley Transport is committed to providing and maintaining the conditions required for enabling further improvement of the skills and knowledge of each employee in accordance with the said values, by following a policy based on recognition of merits and equal opportunities, and by drawing up specific programmes aimed at follow-up training and acquisition of increased skills. For this reason, employees are required to cultivate and improve their skills and acquire new abilities and knowledge, while directors and members of the management team shall do their utmost to enhance and improve the professionalism of their collaborators by creating the conditions for developing their skills and potential.

HUMAN RESOURCES AND CODE OF ETHICS

Information and knowledge about the Code of Ethics are disseminated first of all through the circulation of special documentation to all those who interact with the Company which, in such a case, requires of them, upon delivery of the material on the Code of Ethics, to sign a statement that they have taken due note of the documentation received. All Company employees shall at any time have the right to seek guidance and explanation from their supervisors on the contents of the Code of Ethics. On the occasion of the creation of a new relationship regarding employment, consultancy or collaboration, Faiveley Transport shall promptly deliver the information required for providing adequate knowledge of the Code of Ethics.

WORKPLACE AND PRIVACY PROTECTION POLICY

Faiveley Transport is committed to providing workplaces guaranteeing to all those who interact with the Company conditions respectful of their personal dignity and such that the characteristics of the individuals can not lead to any form of discrimination. In this connection, in compliance with all applicable laws, Faiveley Transport is committed to protecting personal information on the private life and opinions of its employees and in general of all those who interact with the Company.
In particular, the respect for the dignity of each worker shall also be ensured through the protection of privacy in the correspondence and interpersonal relationships between employees.

REPRESENTING THE COMPANY

The reputation of Faiveley Transport depends on the conduct of each employee.

Each of us shall:

- act by taking into account the interests of Faiveley Transport.
- reflect the values of Faiveley Transport in our professional conduct.
- not talk or write in the name of Faiveley Transport without previous authorization.
- not talk or write on subjects out of our competence.
- pay attention not to create confusion between our personal opinions or interests and the Company's interests (e.g. do not use the headed paper or the e-mail address of Faiveley Transport for personal matters or when expressing personal opinions).

FINANCIAL AND PROFESSIONAL DOCUMENTS

We all shall make sure that the data reported in our financial documents or in other types of documents are correct. This is one of the key of success of all enterprises. It is essential for a fair, effective and lawful management of our activity. In particular, it is of the utmost importance to provide our shareholders with transparent, correct and reliable information.

Each of us shall:

- contribute to the correctness of the information reported in the financial and professional documents,
- keep these documents in a safe place and follow the archiving instructions,
- cooperate with the internal and external auditors,
- reject cash transactions. If there are no other options, these transactions shall be expressly authorized and correctly recorded and proven by documents,
- pay attention not to sell, transfer or hand over goods belonging to Faiveley Transport without the necessary authorizations and the associated documentation.

USE OF THE COMPANY'S GOODS

The Company's goods allow the employees to achieve the economic objectives of Faiveley Transport. The incorrect use or the waste of these resources, including the working time, damage the operational and financial performances of Faiveley Transport.

Each of us shall:

- generally avoid the personal use of the Company's resources. The personal use of the communication means such as e-mail, telephone, Internet and so forth can be tolerated provided that it is limited, does not involve unreasonable costs and does not damage our professional activity,

- preserve and protect the Company resources, do not lose, damage, waste, lend, transfer or hand them over without authorization.

- do not inappropriately use of information system, e-mail and Internet.

CONFIDENTIALITY

The unauthorized diffusion of confidential information can damage Faiveley Transport. You are responsible for assuring the confidentiality of the data you have. Information not intended for public release shall be kept strictly confidential. Those who can access confidential information on our commercial partners are obliged to protect it against its diffusion.

Each of us shall:

- restrict the diffusion of the confidential information only to those who have the legitimate need to know it in the interest of the Company,
- preserve in a safe place all confidential data on customers and suppliers, both on paper and on electronic support,
- do not diffuse confidential information to persons outside FAIVELEY Transport (including the members of the employees' families),
- do not discuss or work on confidential information in public places where the conversations could be overheard and the data security jeopardized,
- do not reveal confidential information relative to a previous employer,
- return all confidential information (including any copies) in case of severance from Faiveley Transport.

GIFTS AND INVITATIONS

The exchange of gifts or invitations can contribute to the mutual comprehension and improve the business relationships, but can also create conflicts between personal interests and professional commitments.

Should you receive gifts or invitations, the "golden rule" to be followed is the total transparency.

Should you offer gifts or invitations, the "golden rule" is to keep yourself within reasonable limits and to figure out how this gift could be perceived publicly.

Each of us shall:

- reject gifts or invitations by suppliers, unless they are unequivocally of symbolic value,
- reject to receive or offer money,
- pay attention that the gifts and invitations we offer are appropriate and compliant with the ethical values of Faiveley Transport,
- make sure that, when establishing a new business relationship, the parties are informed on the policy of Faiveley Transport regarding gifts and invitations. The same way, we shall enquire about the policy of our new partner thereon. This way, any misunderstanding should be avoided,
- immediately inform our hierarchy about any received gift or invitation.

CORRUPTION AND "FACILITATING PAYMENTS"

Corruption is unacceptable and incompatible with the "FAIVELEY Code of Ethics". It is not good for the community within which we work and is a cost for the Company. Bribes are a type of corruption and are illegal in most Countries, particularly when officials are involved. In some Countries also the "facilitating payments" are forbidden, i.e. the payments executed to accelerate certain administrative formalities such as permission demands or customs clearance. Most of them, in fact, are a form of corruption.

Each of us shall:

- never execute, propose or promise cash payments or services (including gifts and invitations) to officials, Government officials or persons capable to influence them,

- immediately inform the Area Manager or the Division Director if these payment could not be avoided and exhaustively prove by documents the payment request,

- the payment of commissions is accepted if it is documented as for any restitution of goods and services in the company and is auditable.

CONFLICT OF INTERESTS

We shall absolutely avoid any situation in which our personal interests could clash with those of Faiveley Transport.

The simple probability of conflict of interests occurrence could damage the reputation of Faiveley Transport and that of its employees.

As regards the potential conflict of interests, the "golden rule" is to openly declare it in order to allow an in depth analysis of the situation, which needs a complete knowledge of the facts. What at first sight could seem to be a difficulty could not be so for the Company.

Each of us shall:

- inform our hierarchy in case of potential conflict of interests which conveys or can convey the impression that it influences our judgement and actions (e.g. if a relative of ours works for a supplier),

- not occupy a workplace, a function or not have a financial interest within organizations of competitors, customers, suppliers or business partners of Faiveley Transport, if your functions at Faiveley Transport allow you to have influence on these relationships.

RESPONSIBILITY TOWARDS THE ENVIRONMENT

Faiveley Transport respects the environment and makes any efforts to minimize his ecological impact. We have the objective to openly communicate our implementations.

Many activities, which are necessary to the production of our products, can have a direct impact on the environment. Each of us is responsible for reducing this impact as much as possible.

Each of us shall:

- contribute to the environmental initiatives of Faiveley Transport,
- support the use of recyclable materials and the development of biodegradable packaging,
- reflect on what respect our conduct, in any activity area, has an impact on the environment, in order to minimize it whenever it is possible. We can, for example, reduce the number of unnecessary travels, save energy and water and avoid producing wastes. When these cannot be avoided, we shall do our best to recycle or dispose them in a responsible way,
- take the necessary measures to avoid any infringement to the environmental directives of Faiveley Transport and comply with the regulations in force,
- immediately notify any unusual discharges or emissions in the water or in the air to the direct hierarchic leader or to the person in charge of hygiene and safety.

ABUSE OF PRIVILEGED INFORMATION

Faiveley Transport does not intend to restrict the freedom of its employees to carry out the personal investments they deem right; nevertheless, the rules concerning the "abuse of privileged information" shall always be kept in mind.

Each of us shall:

- be conscious that the use of privileged information in personal investments could be punishable by the law regarding the abuses of privileged information,

- not purchase or sell shares of Faiveley Transport or other companies of which privileged information could be available at the time of the operation.

- avoid disclosing privileged information to anybody outside the Company, including our family members.

- avoid revealing this privileged information to anybody inside the Company, if not legitimately necessary.

- protect the privileged information in order to avoid its accidental disclosure.

PRODUCT SAFETY AND QUALITY

The safety and quality of our products have always been of the utmost importance.

The high performance, quality and safety of our products prove our commitment and respect towards the Customers, allowing us to win their confidence, to promote our good brand name and to guarantee the leadership of Faiveley Transport in his sector.

We are also committed to the marketing of products which have proven their effectiveness and reliability and which are guaranteed by having passed severe tests.

Each co-worker of Faiveley Transport throughout the world shall pursue the research for the total quality of our products, from its design to the distribution and also after its entry into service.

Those who are involved in developing, marketing, manufacturing and selling our products shall:

- comply with all laws and regulations regarding the development of our products,
- encourage the free and open dialogue on any subjects related to the innocuousness of our products, so that no aspect is disregarded,
- make sure that the strictest quality control rules are adopted throughout each step of the manufacturing process,
- make sure that all Customers' complaints are correctly notified to the pertaining services and duly processed,
- quickly react to any problem concerning the safety and reliability of our products and the quality controls.

SELECTION AND IMPARTIAL TREATMENT OF SUPPLIERS

The relationships of Faiveley Transport with its suppliers go beyond the simple purchasing of goods and services. They are essential for the long-term success of our Company. We control our selection criteria and the commitment of our suppliers to carry out their activity in a responsible way.

We are proud of the reputation of our Company, which frankly discusses with its suppliers in a fully cooperative way. Our relationships are based on impartiality, equity and fairness principles and we respect the independence and identity of our suppliers.

Each of us, who has relationships with a supplier, shall:

- encourage the selection of the suppliers on the basis of open and competitive enquiries; make sure that all offers are compared and taken into consideration impartially and without any favouritism,
- prove the transparency of the inquiry procedures and, for the not selected suppliers, notify them of the selection results with tact and honesty,
- make sure that the Purchase and Payment General Conditions of our Company, which are consistent with our expectations in terms of ethics, are well understood and observed by all our suppliers in any Country they operate,
- help our suppliers to meet the expectations of Faiveley Transport – interrupt a relationship with any supplier which repeatedly does not satisfy our expectations,
- pay our suppliers at the agreed times and conditions (as far as they have fulfilled their commitments),
- make sure that the economic dependence of our suppliers on Faiveley Transport is not excessive,
- not ask unreasonable concessions from the suppliers to obtain or to seek a contract with Faiveley Transport. In particular, avoid the mutual selling agreements (i.e. when a contract or the purchase of goods or services is subject to the purchase by the supplier of our goods or services),
- protect the information of our suppliers the same way as we protect our information and in particular respect their copyrights and intellectual property.

COMPETITION

We respect all actors in our professional sector, including our competitors. We treat them as we wish they treat us. Our duty to set our example in this sector is strengthened by our leadership in the market of railway systems.

It is our interest to work in a sector where the business practice enjoys a good reputation. This facilitates our task and strengthens the confidence of our Customers. The sharing with our competitors of information concerning rates, costs or marketing strategies could, be it right or wrong, give the impression that prices, territory divisions or other types of competition manipulation or distortion are negotiated.

Each of us shall:

- avoid any contact with our competitors on confidential matters,
- avoid encouraging our Customers or suppliers to cancel contracts they have with our competitors,
- avoid any intrigues aimed at depriving a competitor of a purchasing source,
- not sign exclusivity contracts (i.e. contract imposing a company to sell or purchase only to/from Faiveley Transport) before having consulted our law consultants on any risk of abuse of dominant position,
- not allow any "fidelity discounts" before having consulted our law consultants on any risk of abuse of dominant position,
- not denigrate our competitors (including false declarations on their products or services),
- immediately inform our hierarchy, if we have fortuitously received or used confidential or exclusive information on our competitors and of which the person involved or a third party is the legitimate owner,
- collect information on the competition only by legal means and, in this case, clearly identify ourselves as employees of Faiveley Transport,
- never authorize new employees, recruited by Faiveley Transport, to reveal confidential information on the competitors for which they could have worked in the past.

SUPERVISION BODY

COMPETENCES AND CHARACTERISTICS

The application of the Organisation and Management Model adopted by the Company is checked by the Supervision Body, which has autonomous powers of initiative and control.
The Supervision Body operates with fairness, authority, continuity, professionalism, autonomy and to these purposes it is free to access information sources of Faiveley Transport; it has the faculty to examine documents and data; it suggests any updating of the Code of Ethics, on the basis of employees communications; it can check, also periodically, the functioning and application of the Model; it has adequate human resources and materials who allow it to operate quickly and efficiently.
The Supervision body operates with high discretion and with the complete support of the top management of Faiveley Transport., with which it cooperates in the absolute independence.

NOTIFICATIONS TO THE SUPERVISION BODY

To guarantee the effectiveness of the Organisation Model through specific memoranda of Faiveley Transport – in the respect of privacy and individual rights – information channels are created through which those who are aware of any illicit conducts inside the Company can notify them freely, directly and confidentially to the Supervision Body. This Body has also the task to carefully check the transmitted notifications, in order to submit the related matters to the competent company function to take disciplinary measures or to operate contract cancellations.

VIOLATIONS OF THE CODE OF ETHICS – DISCIPLINARY SYSTEM

NOTIFICATIONS OF VIOLATIONS

With reference to the notification of an occurred, attempted or requested violation of the rules of the Code of Ethics, the Company shall guarantee that nobody within his/her working area can be subject to any retaliations, illicit conditioning, hardships and discriminations of any sort, to have notified the Supervision Body of the Code of Ethics of the violation of the latter. Further to any notification, the Company will carry out appropriate inspections and disciplinary measures.

GUIDELINES OF THE DISCIPLINARY SYSTEM

The violation of the principles specified in the Code of Ethics and in the procedures provided for in the internal memoranda jeopardizes the trust relationships between Faiveley Transport and its directors, employees, consultants, co-workers of any sort, customers, suppliers, business and financial partners.
These violations will then be pursued by the Company incisively and immediately through adequate and proportioned disciplinary measures, independently from any penal relevance of this conduct and from the institution of penal proceedings in case of offence.
To protect its image and safeguard its resources, the Company will not have any relationship with subjects which do not intend operate in compliance with the regulations in force and/or which refuse to comply with the values and principles of the Code of Ethics.

FREEDMAN SEATING COMPANY

SECTION B
PART B TECHNICAL PROPOSAL AND STATEMENTS AND CERTIFICATIONS REGARDING ELIGIBILITY

QUALIFICATIONS AND CERTIFICATIONS

NOTE: The Authority reserves the right to audit compliance with respect to each of the required statements and certifications in the forms submitted by Offerors, including but not limited to the Domestic U.S. Content Certification, Domestic U.S. Content Worksheet, and Final Assembly of Production (Non-Pilot) Vehicles in Massachusetts.

Questions Concerning Eligibility

Provide short answers (and attach relevant documents) to the following questions and requests:

1. Attach relevant Certificate of Good Standing from the Secretary of State of the Commonwealth of Massachusetts.

2. Provide the names and telephone numbers of all business owners, shareholders if not a publicly held corporation, and/or members if a limited liability company.

3. Provide the names, title and telephone numbers of all officers.

4. Has the business or an owner or shareholder of the business ever had a prior contractual relationship with the MBTA? If yes, please describe relationship.

5. Has the business or an owner or shareholder of the business ever been in default of any obligations under a contract with the MBTA, any other Massachusetts state agency or any federal agency? If yes, please describe the circumstances. Please indicate whether it resulted in a termination for cause.

6. Have any of the business owners, shareholders, or officers every been convicted of felony violations of Federal, state or local laws? If yes, please describe the circumstances.

7. Are there any pending recent law suits against the business or any of its owners or shareholders? If yes, please describe the circumstances.

8. Provide the name, address, account number, contact person and telephone number of the insurance agent responsible for procuring insurance required by the Solicitation Documents.

9. Provide the name, address, contact person and telephone of three business credit references, including but not limited to your primary banking institution.

10. Has the business or any of the business's owners or shareholders ever filed for bankruptcy or invoked insolvency proceedings under state law?

11. Provide the last three (3) years of audited financial statements, or reasonable equivalent of the Offeror. If the Offeror is a joint venture or other combination of business entities, provide the last three (3) years audited financial statements for each entity.

12. Provide the business's current code of business ethics or equivalent.

Responses:

1. In the case CSR would be awarded this contract and in the case Freedman Seating would be elected preferred supplier for seat, then Freedman Seating would be willing to apply for this certificate.
2. Freedman Seating is a privately help company with 100% ownership held by the Freedman family. Craig Freedman is the contact regarding this. He can be reached at (773) 524-2440 ext. 255.
3. Gerald Freedman, CEO (773) 524-2440 ext 231
   Craig Freedman, President (773) 524-2440 ext. 255
   Dan Cohen, Executive Vice President (773) 524-2440 ext 227
4. Freedman Seating has supplied seats for heavy duty transit buses for MBTA through several bus builders.
5. No
6. No
7. The company is involved in several product liability lawsuits in which the company rigorously defends itself. any awards against the company will be covered by insurance.
8. Ralph Weiner & Associates, LLC
   Attn: Gary Weiner
   720 Astor Lane
   Wheeling, IL 60090
   (847) 465-1212
   Policy: IL20130107087
9. Wells Fargo Bank, NA 230 West Monroe Street, Chicago, IL 60606
   Wertheimer Box Corporation, Contact: Maryanne, 7950 W. Joliet Road, McCook, IL 60525, (312) 829-4545
   Central Steel & Wire, Contact: Thomas Bruebach, 3000 W. 51st St, Chicago, IL 60680, (773) 471-3800
10. No
11. Freedman Seating is a privately help corporation and the financial information provided here is to be held in strict confidence.
12. FSC Purpose: FSC provides not just seats but seating solutions to the transportation markets. We lead the market by providing support to our customers from sales through installation and beyond. We provide quality products on-time, every-time, with excellent customer service, better than our competitors.
    FSC Values: At Freedman we value employees who show accountability and drive themselves with integrity, while enjoying their work with excellent ethics and collaborating for the better of themselves and the organization.

FREEDMAN SEATING COMPANY
SUMMARY BALANCE SHEET
YTD AS OF DECEMBER 30, 2013
(000's)

CONFIDENTIAL

Assets

	2013	2012	Change
Cash	$ 4,958.1	$ 4,433.0	$ 525.1
Accounts Receivable	8,837.4	5,786.9	3,050.5
Other Receivables	203.6	251.3	(47.7)
Inventory	8,195.7	8,309.4	(113.7)
Other Current Assets	2,594.2	1,049.9	1,544.3
Total Current Assets	$ 24,789.0	$ 19,830.5	$ 4,958.5
Net Fixed Assets	7,782.6	8,132.0	(349.4)
Other Long-Term Assets	6,897.9	7,160.1	(262.2)
Total Assets	$ 39,469.5	$ 35,122.6	$ 4,346.9

Liabilities

Accounts Payable	$ 3,841.8	$ 3,625.9	$ 215.9
Short Term Bank Loan	-	-	-
Accrued Expenses	2,112.0	1,475.4	636.6
Total Current Liabilites	$ 5,953.8	$ 5,101.3	$ 852.5
Long Term Liabilities	16,143.5	15,841.9	301.6
Total Liabilities	$ 22,097.3	$ 20,943.2	$ 1,154.1

Shareholders Equity

Shareholders Equity	$ 10,964.8	$ 11,262.5	$ (297.7)
Current Year Income	6,407.4	2,916.9	3,490.5
Total Shareholders Equity	$ 17,372.2	$ 14,179.4	$ 3,192.8
Total Liabilities & Shareholders Equity	$ 39,469.5	$ 35,122.6	$ 4,346.9

FREEDMAN SEATING COMPANY
SUMMARY OF PROFIT & LOSS
YTD AS OF DECEMBER 30th
(000's)

CONFIDENTIAL

	2013	%	2012	%	2011	%
Net Sales	$ 86,508.5	100.00%	$ 79,835.3	100.00%	$ 74,664.4	100.00%
Material Cost	41,856.2	48.38%	38,400.8	48.10%	36,193.1	48.47%
Total Labor	15,064.5	17.41%	14,711.3	18.43%	13,549.5	18.15%
Factory Overhead	11,035.1	12.76%	11,119.2	13.93%	10,270.1	13.76%
Cost of Sales	$ 67,955.8	78.55%	$ 64,231.3	80.45%	$ 60,012.7	80.38%
Gross Profit	$ 18,552.7	21.45%	$ 15,604.0	19.55%	$ 14,651.7	19.62%
Operating Expense	12,145.3	14.04%	12,687.1	15.89%	11,632.2	15.58%
Income From Business Operations	$ 6,407.4	7.41%	$ 2,916.9	3.65%	$ 3,019.5	4.04%
Interest Expense	309.2	0.36%	481.7	0.60%	462.6	0.62%
Depreciation & Amort Expense	617.5	0.71%	623.2	0.78%	941.5	1.26%
EBITDA	$ 7,334.1	8.48%	$ 4,021.8	5.04%	$ 4,423.6	5.92%

GE TRANSPORTATION

SECTION B
PART B TECHNICAL PROPOSAL AND STATEMENTS AND CERTIFICATIONS REGARDING ELIGIBILITY QUALIFICATIONS AND CERTIFICATIONS

GETSGS ATTACHMENT A

Questions Concerning Eligibility

Provide short answers (and attach relevant documents) to the following questions and requests:

1. *Attach relevant Certificate of Good Standing from the Secretary of State of the Commonwealth of Massachusetts.*
    a. See "Attachment 1" Certificate of Good Standing for GETSGS in the Commonwealth of Massachusetts.

2. *Provide the names and telephone numbers of all business owners, shareholders if not a publicly held corporation, and/or members if a limited liability company.*
    a. Parent Company Information Below:
        i. GE Engine Services, LLC
        MD S-95, 1 Neumann Way
        Cincinnati, OH 45215-1988

3. *Provide the names, title and telephone numbers of all officers.*
    a. See Officer Listing Below:
        i. Rob McKeel: Sole Manager, Phone: +33 147679901
        ii. Anthony Delure: VP/Treasurer/ CFO, Phone: +33 147679906
        iii. Scott Horning: VP & Secretary, Phone: +1 816 650 4327
        iv. David McKay: VP & Assistant Secretary, Phone: +1 321 435 7141
        v. James Winget: Assistant Secretary, Phone: +1 513 530 7159
        vi. Laura Prensner: Assistant Secretary, Phone: +1 404 355 5840

4. *Has the business or an owner or shareholder of the business ever had a prior contractual relationship with the MBTA? If yes, please describe relationship.*
    a. Yes. GETSGS has contracted with MBTA for the following:
    MBCR Interlocking at CP 43—Purchase Order in 2010
    MBCR Fitchburg Double Track—Purchase Order in 2011
    MBCR Haverhill Resignaling—Purchase Order in 2011
    MBTA Small Starts—Purchase Order in 2012
    MBTA Wachusett Extension Project—Purchase Order 2013

5. *Has the business or an owner or shareholder of the business ever been in default of any obligations under a contract with the MBTA, any other Massachusetts state agency or any federal agency? If yes, please describe the circumstances. Please indicate whether it resulted in a termination for cause.*
    a. No.

6. *Have any of the business owners, shareholders, or officers ever been convicted of felony violations of Federal, state or local laws? If yes, please describe the circumstances.*
    a. No.

7. *Are there any pending recent law suits against the business or any of its owners or shareholders? If yes, please describe the circumstances.*
    a. No.

8. *Provide the name, address, account number, contact person and telephone number of the insurance agent responsible for procuring insurance required by the Solicitation Documents.*
    a. Electric Insurance Company
       75 Sam Fonzo Drive
       Beverly, MA 01915
    b. Contact Bill Feltovic, GETSGS Contract Manager, 814-566-6949

9. *Provide the name, address, contact person and telephone of three business credit references, including but not limited to your primary banking institution.*
    a. Deutsche Bank Trust Company Americas
       60 Wall Street, New York, NY 10005, USA
       212-250-2500
    b. L. K. Comstock & Co., Inc.
       Attn: Michael Rothschild, (925) 673-2110
       1460 Washington Blvd., B104
       Concord, CA 94521
    c. PNR Railworks
       Attn: Gord Strilchuk, (519) 837-2018
       348 Woodlawn Rd West
       Guelph ON N1H 7M4 Canada

10. *Has the business or any of the business's owners or shareholders ever filed for bankruptcy or invoked insolvency proceedings under state law?*
    a. No.

11. *Provide the last three (3) years of audited financial statements, or reasonable equivalent of the Offeror. If the Offeror is a joint venture or other combination of business entities, provide the last three (3) years audited financial statements for each entity.*
    a. See "Attachment 2" Audited Financial Statements for 2011-2013.

12. *Provide the business's current code of business ethics or equivalent.*
    a. See "Attachment 3" GE's "The Spirit & The Letter".

The Commonwealth of Massachusetts

Secretary of the Commonwealth

State House, Boston, Massachusetts 02133

William Francis Galvin
Secretary of the Commonwealth

March 18, 2014

TO WHOM IT MAY CONCERN:

I hereby certify that a certificate of registration of a Foreign Limited Liability Company was filed in this office by

THE GE TRANSPORTATION SYSTEMS GLOBAL SIGNALING, LLC

in accordance with the provisions of Massachusetts General Laws Chapter 156C on **November 27, 2001**.

I further certify that said Limited Liability Company has filed all annual reports due and paid all fees with respect to such reports; that said Limited Liability Company has not filed a certificate of cancellation or withdrawal; and that, said Limited Liability Company is in good standing with this office.

I also certify that the names of all managers listed in the most recent filing are: **WILLIAM W BOOTH, SCOTT HORNING, DAVID MCKAY, ANTONIO DE LURE**

I further certify that the name of persons authorized to act with respect to real property instruments listed in the most recent filings are: **NONE**

In testimony of which,
I have hereunto affixed the
Great Seal of the Commonwealth
on the date first above written.

William Francis Galvin

Secretary of the Commonwealth

Processed By:sam

Statement of Earnings

For the years ended December 31 (In millions; per-share amounts in dollars)	General Electric Company and consolidated affiliates 2013	2012	2011
REVENUES AND OTHER INCOME			
Sales of goods	$ 71,873	$ 72,991	$ 66,874
Sales of services	28,669	27,158	27,648
Other income (Note 17)	3,108	2,563	5,063
GECC earnings from continuing operations	—	—	—
GECC revenues from services (Note 18)	42,395	43,972	46,957
Total revenues and other income	146,045	146,684	146,542
COSTS AND EXPENSES (Note 19)			
Cost of goods sold	57,867	56,785	51,455
Cost of services sold	19,274	17,525	16,823
Interest and other financial charges	10,116	12,407	14,422
Investment contracts, insurance losses and insurance annuity benefits	2,676	2,857	2,912
Provision for losses on financing receivables (Note 6)	4,818	3,832	3,930
Other costs and expenses	35,143	35,897	36,841
Total costs and expenses	129,894	129,303	126,383
EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	16,151	17,381	20,159
Benefit (provision) for income taxes (Note 14)	(676)	(2,534)	(5,745)
EARNINGS FROM CONTINUING OPERATIONS	15,475	14,847	14,414
Earnings (loss) from discontinued operations, net of taxes (Note 2)	(2,120)	(983)	29
NET EARNINGS	13,355	13,864	14,443
Less net earnings attributable to noncontrolling interests	298	223	292
NET EARNINGS ATTRIBUTABLE TO THE COMPANY	13,057	13,641	14,151
Preferred stock dividends declared	—	—	(1,031)
NET EARNINGS ATTRIBUTABLE TO GE COMMON SHAREOWNERS	$ 13,057	$ 13,641	$ 13,120
AMOUNTS ATTRIBUTABLE TO THE COMPANY			
Earnings from continuing operations	$ 15,177	$ 14,624	$ 14,122
Earnings (loss) from discontinued operations, net of taxes	(2,120)	(983)	29
NET EARNINGS ATTRIBUTABLE TO THE COMPANY	$ 13,057	$ 13,641	$ 14,151
PER-SHARE AMOUNTS (Note 20)			
Earnings from continuing operations			
Diluted earnings per share	$ 1.47	$ 1.38	$ 1.23
Basic earnings per share	1.48	1.39	1.23
Net earnings			
Diluted earnings per share	1.27	1.29	1.23
Basic earnings per share	1.28	1.29	1.24
DIVIDENDS DECLARED PER SHARE	0.79	0.70	0.61

See Note 3 for other-than-temporary impairment amounts.

See accompanying notes.

Consolidated Statement of Comprehensive Income

For the years ended December 31 (In millions)	2013	2012	2011
NET EARNINGS	$13,355	$13,864	$14,443
Less net earnings (loss) attributable to noncontrolling interests	298	223	292
NET EARNINGS ATTRIBUTABLE TO GE	$13,057	$13,641	$14,151
Other comprehensive income (loss)			
Investment securities	$ (374)	$ 705	$ 608
Currency translation adjustments	(308)	300	180
Cash flow hedges	467	453	118
Benefit plans	11,300	2,299	(7,040)
OTHER COMPREHENSIVE INCOME (LOSS)	11,085	3,757	(6,134)
Less other comprehensive income (loss) attributable to noncontrolling interests	(25)	13	(15)
OTHER COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO GE	$11,110	$ 3,744	$ (6,119)
Comprehensive income	$24,440	$17,621	$ 8,309
Less comprehensive income attributable to noncontrolling interests	273	236	277
COMPREHENSIVE INCOME ATTRIBUTABLE TO GE	$24,167	$17,385	$ 8,032

Amounts presented net of taxes. See Note 15 for further information about other comprehensive income and noncontrolling interests.

See accompanying notes.

GE[a]			GECC		
2013	2012	2011	**2013**	2012	2011
$ 71,951	$ 73,304	$ 67,011	$ 126	$ 119	$ 148
29,063	27,571	28,024	—	—	—
2,886	2,657	5,268	—	—	—
8,258	7,345	6,480	—	—	—
—	—	—	43,941	45,245	48,176
112,158	110,877	106,783	44,067	45,364	48,324
57,962	57,118	51,605	108	99	135
19,668	17,938	17,199	—	—	—
1,333	1,353	1,299	9,267	11,596	13,760
—	—	—	2,779	2,984	3,059
—	—	—	4,818	3,832	3,930
16,105	17,671	17,554	19,776	18,924	19,927
95,068	94,080	87,657	36,748	37,435	40,811
17,090	16,797	19,126	7,319	7,929	7,513
(1,668)	(2,013)	(4,839)	992	(521)	(906)
15,422	14,784	14,287	8,311	7,408	6,607
(2,120)	(983)	29	(2,054)	(1,130)	30
13,302	13,801	14,316	6,257	6,278	6,637
245	160	165	53	63	127
13,057	13,641	14,151	6,204	6,215	6,510
—	—	(1,031)	(298)	(123)	—
$ 13,057	$ 13,641	$ 13,120	$ 5,906	$ 6,092	$ 6,510
$ 15,177	$ 14,624	$ 14,122	$ 8,258	$ 7,345	$ 6,480
(2,120)	(983)	29	(2,054)	(1,130)	30
$ 13,057	$ 13,641	$ 14,151	$ 6,204	$ 6,215	$ 6,510

(a) Represents the adding together of all affiliated companies except General Electric Capital Corporation (GECC or financial services), which is presented on a one-line basis. See Note 1.

In the consolidating data on this page, "GE" means the basis of consolidation as described in Note 1 to the consolidated financial statements; "GECC" means General Electric Capital Corporation and all of its affiliates and associated companies. Separate information is shown for "GE" and "GECC." Transactions between GE and GECC have been eliminated from the "General Electric Company and consolidated affiliates" columns on the prior page.

Consolidated Statement of Changes in Shareowners' Equity

(In millions)	**2013**	2012	2011
GE SHAREOWNERS' EQUITY BALANCE AT JANUARY 1	$123,026	$116,438	$118,936
Increases from net earnings attributable to the Company	13,057	13,641	14,151
Dividends and other transactions with shareowners	(8,061)	(7,372)	(7,502)
Other comprehensive income (loss) attributable to GE	11,110	3,744	(6,119)
Net sales (purchases) of shares for treasury	(7,990)	(2,802)	169
Changes in other capital	(576)	(623)	(3,197)
Ending balance at December 31	130,566	123,026	116,438
Noncontrolling interests	6,217	5,444	1,696
Total equity balance at December 31	$136,783	$128,470	$118,134

See Note 15 for further information about changes in shareowners' equity.

See accompanying notes.

GETSGS Proprietary and Confidential

Statement of Financial Position

At December 31 (In millions, except share amounts)	General Electric Company and consolidated affiliates 2013	2012
ASSETS		
Cash and equivalents	$ 88,555	$ 77,268
Investment securities (Note 3)	43,981	48,510
Current receivables (Note 4)	21,388	19,902
Inventories (Note 5)	17,325	15,374
Financing receivables—net (Note 6)	241,940	257,238
Other GECC receivables	9,114	7,864
Property, plant and equipment—net (Note 7)	68,827	68,633
Investment in GECC	—	—
Goodwill (Note 8)	77,648	73,114
Other intangible assets—net (Note 8)	14,310	11,980
All other assets (Note 9)	70,808	101,644
Deferred income taxes (Note 14)	275	(54)
Assets of businesses held for sale (Note 2)	50	211
Assets of discontinued operations (Note 2)	2,339	3,315
Total assets[a]	$656,560	$684,999
LIABILITIES AND EQUITY		
Short-term borrowings (Note 10)	$ 77,890	$101,392
Accounts payable, principally trade accounts	16,471	15,654
Progress collections and price adjustments accrued	13,125	10,877
Dividends payable	2,220	1,980
Other GE current liabilities	13,381	14,895
Non-recourse borrowings of consolidated securitization entities (Note 10)	30,124	30,123
Bank deposits (Note 10)	53,361	46,200
Long-term borrowings (Note 10)	221,665	236,084
Investment contracts, insurance liabilities and insurance annuity benefits (Note 11)	26,544	28,268
All other liabilities (Note 13)	61,057	68,166
Liabilities of businesses held for sale (Note 2)	6	157
Liabilities of discontinued operations (Note 2)	3,933	2,733
Total liabilities[a]	519,777	556,529
GECC preferred stock (50,000 and 40,000 shares outstanding at year-end 2013 and 2012, respectively)	—	—
Common stock (10,060,881,000 and 10,405,625,000 shares outstanding at year-end 2013 and 2012, respectively)	702	702
Accumulated other comprehensive income attributable to GE[b]		
Investment securities	307	677
Currency translation adjustments	126	412
Cash flow hedges	(257)	(722)
Benefit plans	(9,296)	(20,597)
Other capital	32,494	33,070
Retained earnings	149,051	144,055
Less common stock held in treasury	(42,561)	(34,571)
Total GE shareowners' equity	130,566	123,026
Noncontrolling interests[c]	6,217	5,444
Total equity (Notes 15 and 16)	136,783	128,470
Total liabilities and equity	$656,560	$684,999

(a) Our consolidated assets at December 31, 2013 include total assets of $47,367 million of certain variable interest entities (VIEs) that can only be used to settle the liabilities of those VIEs. These assets include net financing receivables of $41,420 million and investment securities of $3,830 million. Our consolidated liabilities at December 31, 2013 include liabilities of certain VIEs for which the VIE creditors do not have recourse to GE. These liabilities include non-recourse borrowings of consolidated securitization entities (CSEs) of $28,574 million. See Note 23.

(b) The sum of accumulated other comprehensive income attributable to GE was $(9,120) million and $(20,230) million at December 31, 2013 and 2012, respectively.

(c) Included accumulated other comprehensive income attributable to noncontrolling interests of $(180) million and $(155) million at December 31, 2013 and 2012, respectively.

See accompanying notes.

GE[a]		GECC	
2013	2012	**2013**	2012
$ 13,682	$ 15,509	$ 74,873	$ 61,853
323	74	43,662	48,439
10,970	9,274	—	—
17,257	15,295	68	79
—	—	253,029	268,161
—	—	16,513	13,891
17,574	16,033	51,607	52,967
77,745	77,930	—	—
51,453	46,143	26,195	26,971
13,180	10,700	1,136	1,287
23,708	39,534	47,366	62,186
5,061	5,946	(4,786)	(6,000)
—	—	50	211
9	9	2,330	3,306
$230,962	$236,447	$512,043	$533,351
$ 1,841	$ 6,041	$ 77,298	$ 95,940
16,353	14,259	6,549	6,256
13,152	10,877	—	—
2,220	1,980	—	—
13,381	14,896	—	—
—	—	30,124	30,123
—	—	53,361	46,200
11,515	11,428	210,279	224,776
—	—	26,979	28,696
40,955	53,093	20,531	15,943
—	—	6	157
143	70	3,790	2,663
99,560	112,644	428,917	450,754
—	—	—	—
702	702	—	—
307	677	309	673
126	412	(687)	(131)
(257)	(722)	(293)	(746)
(9,296)	(20,597)	(363)	(736)
32,494	33,070	32,563	31,586
149,051	144,055	51,165	51,244
(42,561)	(34,571)	—	—
130,566	123,026	82,694	81,890
836	777	432	707
131,402	123,803	83,126	82,597
$230,962	$236,447	$512,043	$533,351

(a) Represents the adding together of all affiliated companies except General Electric Capital Corporation (GECC or financial services), which is presented on a one-line basis. See Note 1.

In the consolidating data on this page, "GE" means the basis of consolidation as described in Note 1 to the consolidated financial statements; "GECC" means General Electric Capital Corporation and all of its affiliates and associated companies. Separate information is shown for "GE" and "GECC." Transactions between GE and GECC have been eliminated from the "General Electric Company and consolidated affiliates" columns on the prior page.

GETSGS Proprietary and Confidential

Statement of Cash Flows

	General Electric Company and consolidated affiliates		
For the years ended December 31 (In millions)	2013	2012	2011
CASH FLOWS—OPERATING ACTIVITIES			
Net earnings	$ 13,355	$ 13,864	$ 14,443
Less net earnings attributable to noncontrolling interests	298	223	292
Net earnings attributable to the Company	13,057	13,641	14,151
(Earnings) loss from discontinued operations	2,120	983	(29)
Adjustments to reconcile net earnings attributable to the Company to cash provided from operating activities			
Depreciation and amortization of property, plant and equipment	9,762	9,192	8,986
Earnings from continuing operations retained by GECC[b]	—	—	—
Deferred income taxes	(3,295)	(1,152)	(204)
Decrease (increase) in GE current receivables	(485)	(879)	(670)
Decrease (increase) in inventories	(1,368)	(1,274)	(1,168)
Increase (decrease) in accounts payable	360	(437)	1,204
Increase (decrease) in GE progress collections	1,893	(920)	(1,146)
Provision for losses on GECC financing receivables	4,818	3,832	3,930
All other operating activities	2,175	8,029	7,057
Cash from (used for) operating activities—continuing operations	29,037	31,015	32,111
Cash from (used for) operating activities—discontinued operations	(458)	316	1,248
CASH FROM (USED FOR) OPERATING ACTIVITIES	28,579	31,331	33,359
CASH FLOWS—INVESTING ACTIVITIES			
Additions to property, plant and equipment	(13,458)	(15,119)	(12,637)
Dispositions of property, plant and equipment	5,883	6,184	5,867
Net decrease (increase) in GECC financing receivables	2,715	6,979	14,785
Proceeds from sales of discontinued operations	528	227	8,950
Proceeds from principal business dispositions	3,324	3,618	8,877
Proceeds from sale of equity interest in NBCU LLC	16,699	—	—
Net cash from (payments for) principal businesses purchased	(1,642)	(1,456)	(11,202)
All other investing activities	14,625	11,157	6,527
Cash from (used for) investing activities—continuing operations	28,674	11,590	21,167
Cash from (used for) investing activities—discontinued operations	443	(288)	(1,285)
CASH FROM (USED FOR) INVESTING ACTIVITIES	29,117	11,302	19,882
CASH FLOWS—FINANCING ACTIVITIES			
Net increase (decrease) in borrowings (maturities of 90 days or less)	(14,230)	(2,231)	5,951
Net increase (decrease) in bank deposits	2,197	2,450	6,652
Newly issued debt (maturities longer than 90 days)	45,392	63,019	43,847
Repayments and other reductions (maturities longer than 90 days)	(61,461)	(103,942)	(85,706)
Proceeds from issuance of GECC preferred stock	990	3,960	—
Repayment of preferred stock	—	—	(3,300)
Net dispositions (purchases) of GE shares for treasury	(9,278)	(4,164)	(1,456)
Dividends paid to shareowners	(7,821)	(7,189)	(6,458)
Purchases of subsidiary shares from noncontrolling interests	—	—	(4,578)
All other financing activities	(1,418)	(2,958)	(1,867)
Cash from (used for) financing activities—continuing operations	(45,629)	(51,055)	(46,915)
Cash from (used for) financing activities—discontinued operations	56	(19)	52
CASH FROM (USED FOR) FINANCING ACTIVITIES	(45,573)	(51,074)	(46,863)
Effect of exchange rate changes on cash and equivalents	(795)	1,278	(841)
Increase (decrease) in cash and equivalents	11,328	(7,163)	5,537
Cash and equivalents at beginning of year	77,459	84,622	79,085
Cash and equivalents at end of year	88,787	77,459	84,622
Less cash and equivalents of discontinued operations at end of year	232	191	182
Cash and equivalents of continuing operations at end of year	$ 88,555	$ 77,268	$ 84,440
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION			
Cash paid during the year for interest	$ (8,690)	$ (12,717)	$ (15,571)
Cash recovered (paid) during the year for income taxes	(2,487)	(3,237)	(2,919)

See accompanying notes.

GE[a]			GECC		
2013	2012	2011	**2013**	2012	2011
$ 13,302	$ 13,801	$ 14,316	$ 6,257	$ 6,278	$ 6,637
245	160	165	53	63	127
13,057	13,641	14,151	6,204	6,215	6,510
2,120	983	(29)	2,054	1,130	(30)
2,449	2,291	2,068	7,313	6,901	6,918
(2,273)	(919)	(6,480)	—	—	—
(2,571)	(294)	(327)	(724)	(858)	123
(1,432)	1,105	(346)	—	—	—
(1,351)	(1,204)	(1,122)	33	(27)	15
809	158	1,938	73	(880)	19
1,919	(920)	(1,146)	—	—	—
—	—	—	4,818	3,832	3,930
1,528	2,985	3,350	99	5,418	3,127
14,255	17,826	12,057	19,870	21,731	20,612
(2)	—	—	(456)	316	1,248
14,253	17,826	12,057	19,414	22,047	21,860
(3,680)	(3,937)	(2,957)	(9,978)	(11,879)	(9,869)
—	—	—	5,883	6,184	5,867
—	—	—	3,589	5,490	14,525
—	—	—	528	227	8,950
1,316	540	6,254	1,983	2,863	2,623
16,699	—	—	—	—	—
(8,026)	(1,456)	(11,152)	6,384	—	(50)
(1,488)	(564)	(384)	14,972	11,794	7,733
4,821	(5,417)	(8,239)	23,361	14,679	29,779
2	—	—	441	(288)	(1,285)
4,823	(5,417)	(8,239)	23,802	14,391	28,494
949	(890)	1,058	(13,892)	(1,401)	4,393
—	—	—	2,197	2,450	6,652
512	6,961	177	44,888	55,841	43,267
(5,032)	(34)	(270)	(56,429)	(103,908)	(85,436)
—	—	—	990	3,960	—
—	—	(3,300)	—	—	—
(9,278)	(4,164)	(1,456)	—	—	—
(7,821)	(7,189)	(6,458)	(6,283)	(6,549)	—
—	—	(4,303)	—	—	(275)
(211)	32	(75)	(909)	(2,867)	(1,792)
(20,881)	(5,284)	(14,627)	(29,438)	(52,474)	(33,191)
—	—	—	56	(19)	52
(20,881)	(5,284)	(14,627)	(29,382)	(52,493)	(33,139)
(22)	2	(50)	(773)	1,276	(791)
(1,827)	7,127	(10,859)	13,061	(14,779)	16,424
15,509	8,382	19,241	62,044	76,823	60,399
13,682	15,509	8,382	75,105	62,044	76,823
—	—	—	232	191	182
$ 13,682	$ 15,509	$ 8,382	$ 74,873	$ 61,853	$ 76,641
$ (812)	$ (1,182)	$ (1,177)	$ (8,146)	$ (12,172)	$(15,018)
(4,753)	(2,987)	(2,303)	2,266	(250)	(616)

(a) Represents the adding together of all affiliated companies except General Electric Capital Corporation (GECC or financial services), which is presented on a one-line basis. See Note 1.

(b) Represents GECC earnings from continuing operations attributable to the Company, net of GECC dividends paid to GE.

In the consolidating data on this page, "GE" means the basis of consolidation as described in Note 1 to the consolidated financial statements; "GECC" means General Electric Capital Corporation and all of its affiliates and associated companies. Separate information is shown for "GE" and "GECC." Transactions between GE and GECC have been eliminated from the "General Electric Company and consolidated affiliates" columns on the prior page and are discussed in Note 26.

GETSGS Proprietary and Confidential

Note 1.

Basis of Presentation and Summary of Significant Accounting Policies

Accounting Principles

Our financial statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP).

Consolidation

Our financial statements consolidate all of our affiliates—entities in which we have a controlling financial interest, most often because we hold a majority voting interest. To determine if we hold a controlling financial interest in an entity, we first evaluate if we are required to apply the variable interest entity (VIE) model to the entity, otherwise the entity is evaluated under the voting interest model.

Where we hold current or potential rights that give us the power to direct the activities of a VIE that most significantly impact the VIE's economic performance combined with a variable interest that gives us the right to receive potentially significant benefits or the obligation to absorb potentially significant losses, we have a controlling financial interest in that VIE. Rights held by others to remove the party with power over the VIE are not considered unless one party can exercise those rights unilaterally. When changes occur to the design of an entity, we reconsider whether it is subject to the VIE model. We continuously evaluate whether we have a controlling financial interest in a VIE.

We hold a controlling financial interest in other entities where we currently hold, directly or indirectly, more than 50% of the voting rights or where we exercise control through substantive participating rights or as a general partner. Where we are a general partner, we consider substantive removal rights held by other partners in determining if we hold a controlling financial interest. We reevaluate whether we have a controlling financial interest in these entities when our voting or substantive participating rights change.

Associated companies are unconsolidated VIEs and other entities in which we do not have a controlling financial interest, but over which we have significant influence, most often because we hold a voting interest of 20% to 50%. Associated companies are accounted for as equity method investments. Results of associated companies are presented on a one-line basis. Investments in, and advances to, associated companies are presented on a one-line basis in the caption "All other assets" in our Statement of Financial Position, net of allowance for losses, that represents our best estimate of probable losses inherent in such assets.

Financial Statement Presentation

We have reclassified certain prior-year amounts to conform to the current-year's presentation.

Financial data and related measurements are presented in the following categories:

- **GE**—This represents the adding together of all affiliates other than General Electric Capital Corporation (GECC), whose continuing operations are presented on a one-line basis, giving effect to the elimination of transactions among such affiliates.
- **GECC**—This represents the adding together of all affiliates of GECC, giving effect to the elimination of transactions among such affiliates.
- **Consolidated**—This represents the adding together of GE and GECC, giving effect to the elimination of transactions between GE and GECC.
- **Operating Segments**—These comprise our eight businesses, focused on the broad markets they serve: Power & Water, Oil & Gas, Energy Management, Aviation, Healthcare, Transportation, Appliances & Lighting (formerly Home & Business Solutions) and GE Capital. Prior-period information has been reclassified to be consistent with how we managed our businesses in 2013.

Unless otherwise indicated, information in these notes to consolidated financial statements relates to continuing operations. Certain of our operations have been presented as discontinued. See Note 2.

The effects of translating to U.S. dollars the financial statements of non-U.S. affiliates whose functional currency is the local currency are included in shareowners' equity. Asset and liability accounts are translated at year-end exchange rates, while revenues and expenses are translated at average rates for the respective periods.

Preparing financial statements in conformity with U.S. GAAP requires us to make estimates based on assumptions about current, and for some estimates future, economic and market conditions (for example, unemployment, market liquidity, the real estate market, etc.), which affect reported amounts and related disclosures in our financial statements. Although our current estimates contemplate current conditions and how we expect them to change in the future, as appropriate, it is reasonably possible that in 2014 actual conditions could be worse than anticipated in those estimates, which could materially affect our results of operations and financial position. Among other effects, such changes could result in future impairments of investment securities, goodwill, intangibles and long-lived assets, incremental losses on financing receivables, establishment of valuation allowances on deferred tax assets and increased tax liabilities.

Sales of Goods and Services

We record all sales of goods and services only when a firm sales agreement is in place, delivery has occurred or services have been rendered and collectibility of the fixed or determinable sales price is reasonably assured.

Arrangements for the sale of goods and services sometimes include multiple components. Most of our multiple component arrangements involve the sale of goods and services in the Healthcare segment. Our arrangements with multiple components usually involve an upfront deliverable of large machinery or equipment and future service deliverables such as installation, commissioning, training or the future delivery of ancillary products. In most cases, the relative values of the undelivered components are not significant to the overall arrangement and are typically delivered within three to six months after the core product has been delivered. In such agreements, selling price is determined for each component and any difference between the

GETSGS Proprietary and Confidential

Always with unyielding integrity

The Spirit & The Letter

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61 APPENDIX: WHICH LAW APPLIES

This booklet is just an introduction to GE compliance policies. The full text of those policies and many other resources are located at **integrity.ge.com**.

Statement of integrity

For more than 125 years, GE has demonstrated an unwavering commitment to performance with integrity. At the same time we have expanded into new businesses and new regions and built a great record of sustained growth, we have built a worldwide reputation for lawful and ethical conduct.

This reputation has never been stronger. In several surveys of CEOs, GE has been named the world's most respected and admired company. We have been ranked first for integrity and governance.

But none of that matters if each of us does not make the right decisions and take the right actions. At a time when many people are more cynical than ever about business, GE must seek to earn this high level of trust every day, employee by employee.

This is why I ask each person in the GE community to make a personal commitment to follow our Code of Conduct. This set of GE policies on key integrity issues guides us in upholding our ethical commitment. All GE employees must comply not only with the letter of these policies, but also their spirit.

If you have a question or concern about what is proper conduct for you or anyone else, promptly raise the issue with your manager, a GE ombudsperson or through one of the many other channels the Company makes available to you. Do not allow anything — not "making the numbers," competitive instincts or even a direct order from a superior — to compromise your commitment to integrity.

GE leaders are also responsible not only for their own actions but for fostering a culture in which compliance with GE policy and applicable law is at the core of business-specific activities. Leaders must address employees' concerns about appropriate conduct promptly and with care and respect.

There is no conflict between excellent financial performance and high standards of governance and compliance — in fact, the two are mutually reinforcing. As we focus on becoming the pre-eminent growth company of the 21st century, we must recognize that only one kind of performance will maintain our reputation, increase our customers' confidence in us and our products and services, and enable us to continue to grow, and that is performance with integrity.

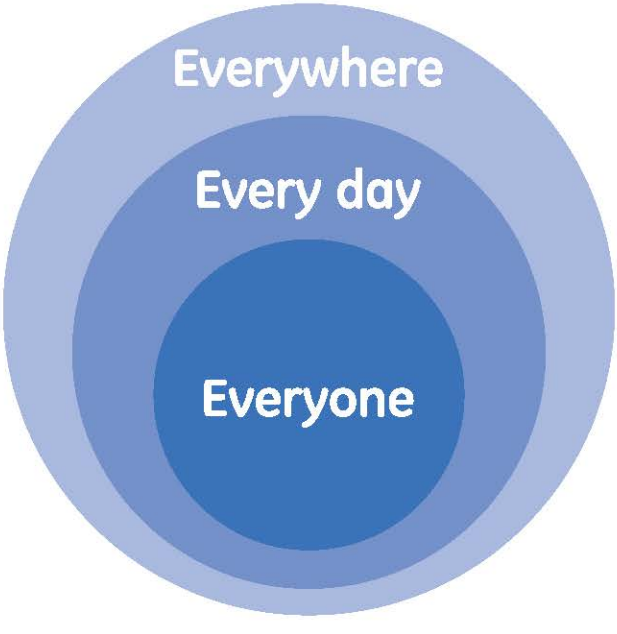
Jeffrey R. Immelt
Chairman of the Board & Chief Executive Officer
June 2005

The Spirit & The Letter: guiding the way we do business

Every day, everyone at GE has the power to influence our company's reputation—everywhere we do business. The Spirit & The Letter helps to ensure that, after more than 125 years, we still conduct our affairs with unyielding integrity.

For well over a century, GE employees have worked hard to uphold the highest standards of ethical business conduct. We seek to go beyond simply obeying the law—we embrace the spirit of integrity.

GE's Code of Conduct articulates that spirit by setting out general principles of conduct everywhere, every day and by every GE employee.



GE code of conduct

Obey the applicable laws and regulations governing our business conduct worldwide.

Be honest, fair and trustworthy in all your GE activities and relationships.

Avoid all conflicts of interest between work and personal affairs.

Foster an atmosphere in which fair employment practices extend to every member of the diverse GE community.

Strive to create a safe workplace and to protect the environment.

Through leadership at all levels, sustain a culture where ethical conduct is recognized, valued and exemplified by all employees.

Your personal commitment

You will be asked to acknowledge your awareness that every GE employee must follow The Spirit & The Letter Policies and raise concerns about possible violations of law or policy with a GE manager, company legal counsel, GE auditor, GE ombudsperson or other GE compliance specialist.

For the complete text of policies, visit the GE integrity Web site: **integrity.ge.com**.

Who must follow GE compliance policies

GE DIRECTORS, OFFICERS AND EMPLOYEES

SUBSIDIARIES AND CONTROLLED AFFILIATES Entities in which GE owns more than 50 percent of the voting rights, or has the right to control the entity, are required to adopt and follow GE compliance policies.

NON-CONTROLLED AFFILIATES Non-controlled affiliates should be encouraged to adopt and follow GE compliance policies.

THIRD PARTIES REPRESENTING GE

GE employees working with third parties, such as consultants, agents, sales representatives, distributors and independent contractors, must:

- Require these parties to agree to comply with relevant aspects of GE's compliance policies.
- Provide these parties with education and information about policy requirements.
- Take action, up to and including terminating a contract, after learning that a third party failed to abide by GE's compliance policies.

What employees must do

All employees can contribute to GE's culture of compliance by understanding GE's policies, embracing GE's commitment to integrity and acting to enforce compliance and avoid violations.

Employee responsibilities are as follows:

UNDERSTAND GE POLICIES

- Gain a basic understanding of the policy requirements summarized in this booklet.
- Learn the details of policies relevant to your job.
- Check **integrity.ge.com** for the complete and up-to-date policies.
- Go to your manager, company legal counsel or other GE resources with any questions about the policies.

RAISE YOUR CONCERNS

- Promptly raise any concerns about potential violations of any GE policy.
- Understand the different channels for raising integrity concerns: ombudsperson, manager, GE lawyer, GE auditor or other compliance resource.
- If a concern you raise is not resolved, pursue the issue! Raise it through another of GE's channels.
- Cooperate in GE investigations related to integrity concerns.

What leaders must do

A leader must: create a culture of compliance in which employees understand their responsibilities and feel comfortable raising concerns without fear of retaliation; encourage ethical conduct and compliance with the law by personally leading compliance efforts; consider compliance efforts when evaluating and rewarding employees; and ensure that employees understand that business results are never more important than ethical conduct and compliance with GE policies.

Leaders must also take the following steps to build an infrastructure to prevent, detect and respond to compliance issues:

PREVENT COMPLIANCE ISSUES

- Identify business compliance risks.
- Ensure that processes, tailored to address your particular risk areas, are communicated and implemented.
- Provide education on GE policies and applicable law to employees and (where appropriate) board members and third parties.
- Commit adequate resources to your business's compliance program.

DETECT COMPLIANCE ISSUES

- Implement control measures, such as "dashboards" and "scorecards," to detect heightened compliance risks and/or violations.
- Promote an effective ombudsperson system.
- Ensure that periodic compliance reviews are conducted, with the assistance of business compliance leaders and/or the Corporate Audit Staff.

RESPOND TO COMPLIANCE ISSUES

- Take prompt corrective action to fix identified compliance weaknesses.
- Take appropriate disciplinary action.
- Consult with GE legal counsel and make appropriate disclosures to regulators and law enforcement authorities.

Raise your voice: your obligation to raise integrity concerns

Raising an integrity concern protects the GE community: our company, our colleagues and our stakeholders.

If you have a concern about compliance with GE policy, you have a responsibility to raise that concern.

RAISE CONCERNS EARLY
The longer we wait to address a concern, the worse it may become.

YOU MAY REMAIN ANONYMOUS
However, if you identify yourself, we are able to follow up with you and provide feedback.

CONFIDENTIALITY IS RESPECTED
Your identity and the information you provide will be shared only on a "need-to-know" basis with those responsible for resolving the concern.

RETALIATION VIOLATES GE POLICY
GE absolutely prohibits retaliation against anyone for raising or helping to address an integrity concern. Retaliation is grounds for discipline up to and including dismissal.

You can raise a concern orally or in writing.
If you prefer, you can do it anonymously.

How to raise an integrity concern

GE offers several channels for raising concerns. Use the channel that is most comfortable for you.

WITHIN YOUR BUSINESS

Generally, your supervisor or manager will be in the best position to resolve an integrity concern quickly. However, your direct supervisor is not your only option. Other resources include:

- Your compliance leader or auditor
- Company legal counsel
- Next level of management
- Your business ombudsperson or integrity helpline (listed at **integrity.ge.com**)

GE CORPORATE OMBUDSPERSON

The GE Ombudsperson process allows you to voice your integrity questions and concerns, anonymously if you choose, and you will receive a response.

P.O. Box 911
Fairfield, CT 06430
U.S.A.

800-227-5003 (U.S.A. only) or
8*229-2603 or (1) 203-373-2603
ombudsperson@corporate.ge.com

GE BOARD OF DIRECTORS

You may report concerns about GE's accounting, internal accounting controls or auditing matters, as well as other concerns, to the Board of Directors or the Audit Committee.

GE Board of Directors
General Electric Company (W2E)
3135 Easton Turnpike
Fairfield, CT 06828 U.S.A.

800-417-0575 (U.S.A. only)
(1) 203-373-2652
directors@corporate.ge.com

Speak up, ask questions, get answers. If your concern is not addressed, raise it to one of the other channels.

What happens when an integrity concern is raised

Concerns about compliance with GE policy will be investigated. GE's investigation process includes:

1. ASSIGNING AN INVESTIGATION TEAM
   Experts with the right knowledge and objectivity are assigned to investigate.

2. CONDUCTING AN INVESTIGATION
   The team determines the facts through interviews and/or review of documents.

3. CORRECTIVE ACTION
   If necessary, the team recommends corrective actions to the appropriate managers for implementation.

4. FEEDBACK
   The person raising the concern receives feedback on the outcome.

Penalties for violations

Employees and leaders who violate the spirit or letter of GE's policies are subject to disciplinary action up to and including termination of employment. Misconduct that may result in discipline includes:

- Violating GE policy.
- Requesting others to violate GE policy.
- Failure to promptly raise a known or suspected violation of GE policy.
- Failure to cooperate in GE investigations of possible policy violations.
- Retaliation against another employee for reporting an integrity concern.
- Failure to demonstrate leadership and diligence to ensure compliance with GE policies and law.

GE absolutely prohibits retaliation

Business policies and procedures

Your business may issue its own policies and procedures. You must follow those policies and procedures in addition to those described in this guide.

IMPORTANT This guide and the policies described in it are not an employment contract. GE does not create any contractual rights by issuing this guide or the policies.

Introduction: Regulatory excellence
Working with customers & suppliers
Government business
Competing globally
In the GE community
Protecting GE assets

The Spirit & The Letter policies

Regulatory excellence

Virtually all of our *Spirit & Letter* policies are based on government laws and regulations. These regulations impact every GE business and every GE employee. Regulators establish and define the rules that we must comply with to conduct business. Effectively engaging with regulators as they establish regulations and assuring compliance with these regulations are critical to maintaining GE's reputation for integrity.

Today's regulatory environment is becoming more and more challenging. GE is subject to a growing number of regulations and enforcement activities around the world. This environment demands that every employee and leader be aware, knowledgeable and committed to regulatory excellence.

RESPONSIBILITIES OF ALL EMPLOYEES

- Be knowledgeable about and comply with the *Spirit & Letter* policies that affect your job responsibilities.
- Be aware of the specific regulatory requirements of the country and region where you work and that affect your business.
- Gain a basic understanding of the key regulators (who they are) and the regulatory priorities (what they require) that affect your business and your work.
- Promptly report any red flags or potential issues that may lead to a regulatory compliance breach.
- Always treat regulators professionally, with courtesy and respect.
- Assure that you coordinate with business or corporate experts when working with or responding to requests of regulators.

RESPONSIBILITIES OF ALL LEADERS

Leaders have the following special responsibilities for regulatory compliance:

LEAD

- Assure that you and your team are engaged in addressing regulatory policy, meeting regulatory requirements and managing regulatory risks.
- Embed regulatory requirements into key operating processes. (e.g., Growth Playbook, Session C and Session D)

ASSESS

- Determine the key regulators and regulatory requirements that affect your business operations globally.

RESOURCE

- Assign owners for all regulatory risk areas and assure that they coordinate with any relevant government relations and corporate regulatory specialists.
- Confirm that the right domain expertise exists to effectively manage regulatory relationships and compliance.

ANTICIPATE

- Implement effective processes that alert you to new and changing regulations. Include regulation in your risk assessments.

RELATE

- Develop and maintain effective relationships with regulators in coordination with government relations and compliance experts.
- Work proactively with regulators on the development of regulations that achieve policy objectives efficiently and effectively.

CONTROL

- Monitor execution and conduct audits to assure that processes which support regulatory relationships and compliance are operating effectively.

Section One

Improper payments
Supplier relationships
International trade controls
Money laundering prevention
Privacy

Working with customers & suppliers

An overseas customer has been invited to travel to visit our training facility at GE expense, but also wants to add a weekend side trip to visit Universal Studios.

Can we fund the whole trip?

SEE PAGE 18:
IMPROPER PAYMENTS

Your low-cost supplier offers good quality and reliable delivery at prices that can't be beat. But you are uncomfortable with the working and living conditions it provides its workers.

Shrug it off, or make an issue of it?

SEE PAGE 20:
SUPPLIER RELATIONSHIPS

Improper payments

WHAT TO KNOW

An improper payment to gain advantage in any situation is never acceptable and exposes you and GE to possible criminal prosecution. GE expressly prohibits improper payments in all business dealings, in every country around the world, with both governments and the private sector.

Improper payments should not be confused with reasonable and limited expenditures for gifts, business entertainment and customer travel and living expenses directly related to the promotion of products or services or the execution of a contract. These payments are acceptable, subject to specific GE corporate and business guidelines.

? ANSWER TO QUESTION ON PAGE 17 It depends on many factors, including whether your customer is a government official, the local law, the customer's policies, your business's guidelines and other facts. You must consult with GE counsel and your manager to determine whether the trip is acceptable.

WHAT TO DO

BEFORE GIVING A GIFT, engaging in customer entertainment or reimbursing customer travel expenses, make sure you understand applicable legal requirements, the customer's own rules and GE corporate and business guidelines.

MAKE SURE RECORDS OF SUCH EXPENDITURES accurately reflect the true nature of the transaction.

NEVER OFFER A BUSINESS COURTESY, such as a gift, contribution or entertainment, under circumstances that might create the appearance of an impropriety.

NEVER OFFER, PROMISE, PAY OR AUTHORIZE anything of value (such as money, goods or services) to a government official or employee of a customer to obtain or retain an improper advantage.

NEVER GIVE A GRATUITY or other payment to government officials or employees to expedite a routine administrative action without fully disclosing it to the GE National Executive or GE legal counsel. Some national laws that prohibit bribery outside that nation include an exception for "facilitating payments" to expedite a routine administrative action to which a person is otherwise entitled. These payments are often illegal under local anti-bribery laws, and GE strongly discourages them. Make sure you understand the difference between a bribe—corruptly giving someone else a thing of value in exchange for exercising discretion in your favor—and a facilitating payment, which involves the payment of a small amount of money to expedite a routine action to which you are entitled.

NEVER CONTRIBUTE COMPANY FUNDS or other company assets for political purposes in the United States without the prior approval of GE's Vice President for Government Relations. Never contribute company funds or other company assets for political purposes outside the United States without the approval of both GE's Vice President for Government Relations and GE's Vice President for International Law and Policy.

REQUIRE ANY PERSON OR FIRM WHO REPRESENTS GE (such as a consultant, agent, sales representative, distributor or contractor) to comply with this policy and related laws.

FOLLOW YOUR BUSINESS'S DUE DILIGENCE PROCEDURES when selecting persons or firms to represent GE.

WHAT TO WATCH OUT FOR

BACKGROUND INFORMATION about existing or potential third-party representatives that indicates:

- Allegations of improper business practices.
- Reputation for bribes.
- Family or other relationship that could improperly influence the decision of a customer or government official.

ANY DEMAND to receive a commission payment before the announcement of an award decision.

ANY SUGGESTION TO DIRECT GE BUSINESS through a specific representative or partner due to a "special relationship".

ANY REQUEST to make a payment in a country or to a name not related to the transaction.

A COMMISSION that is disproportionate to the services provided.

Supplier relationships

WHAT TO KNOW

GE's relationships with suppliers are based on lawful, efficient and fair practices. We expect our suppliers to obey the laws that require them to treat workers fairly, provide a safe and healthy work environment and protect environmental quality. Following GE guidelines helps ensure that our supplier relationships will not damage GE's reputation.

ANSWER TO QUESTION ON PAGE 17 Don't shrug it off. It's a big issue—GE's reputation depends on doing business only with suppliers that deal responsibly with their workers and with their local environments.

WHAT TO DO

COMPLY WITH APPLICABLE LAWS and government regulations covering supplier relationships.

DO BUSINESS only with suppliers that comply with local and other applicable legal requirements and GE guidelines relating to labor, the environment, health and safety. Follow the procedures set out in GE's Supplier Reputational Guidelines, found at **integrity.ge.com**.

FOLLOW GOVERNMENT ACQUISITION REGULATIONS when purchasing materials and services for fulfilling government contracts.

PROVIDE A COMPETITIVE OPPORTUNITY for suppliers to earn a share of GE's purchasing volume, including small businesses and businesses owned by the disadvantaged, minorities, women and disabled veterans.

SAFEGUARD GE'S CONFIDENTIAL AND PROPRIETARY INFORMATION with a confidentiality agreement, and safeguard any supplier-provided information protected by any confidentiality agreement.

SAFEGUARD "PERSONAL DATA" obtained from suppliers (for instructions, see "Privacy" on page 28).

WHAT TO WATCH OUT FOR

CHOOSING SUPPLIERS on any basis other than open, competitive bidding.

POTENTIAL CONFLICTS OF INTEREST in supplier selection, such as accepting improper gifts or other items of value.

DIRECTING BUSINESS TO A SUPPLIER owned or managed by a relative or close friend.

UNSAFE CONDITIONS in supplier facilities.

SUPPLIER EMPLOYEES who appear to be underage or subject to coercion.

APPARENT DISREGARD of environmental standards in supplier facilities.

ENTRUSTING "PERSONAL DATA" or confidential information to suppliers without ensuring that they have appropriate technical, physical, and organizational measures to prevent unauthorized access or use.

You seek lower-cost suppliers in key areas and have found a non-domestic supplier that looks promising.

Can you e-mail technical drawings to see if this new company has the capabilities you need?

SEE PAGE 24:
INTERNATIONAL TRADE CONTROLS

A representative from a potential new customer or supplier has given you his card, containing his name and contact details.

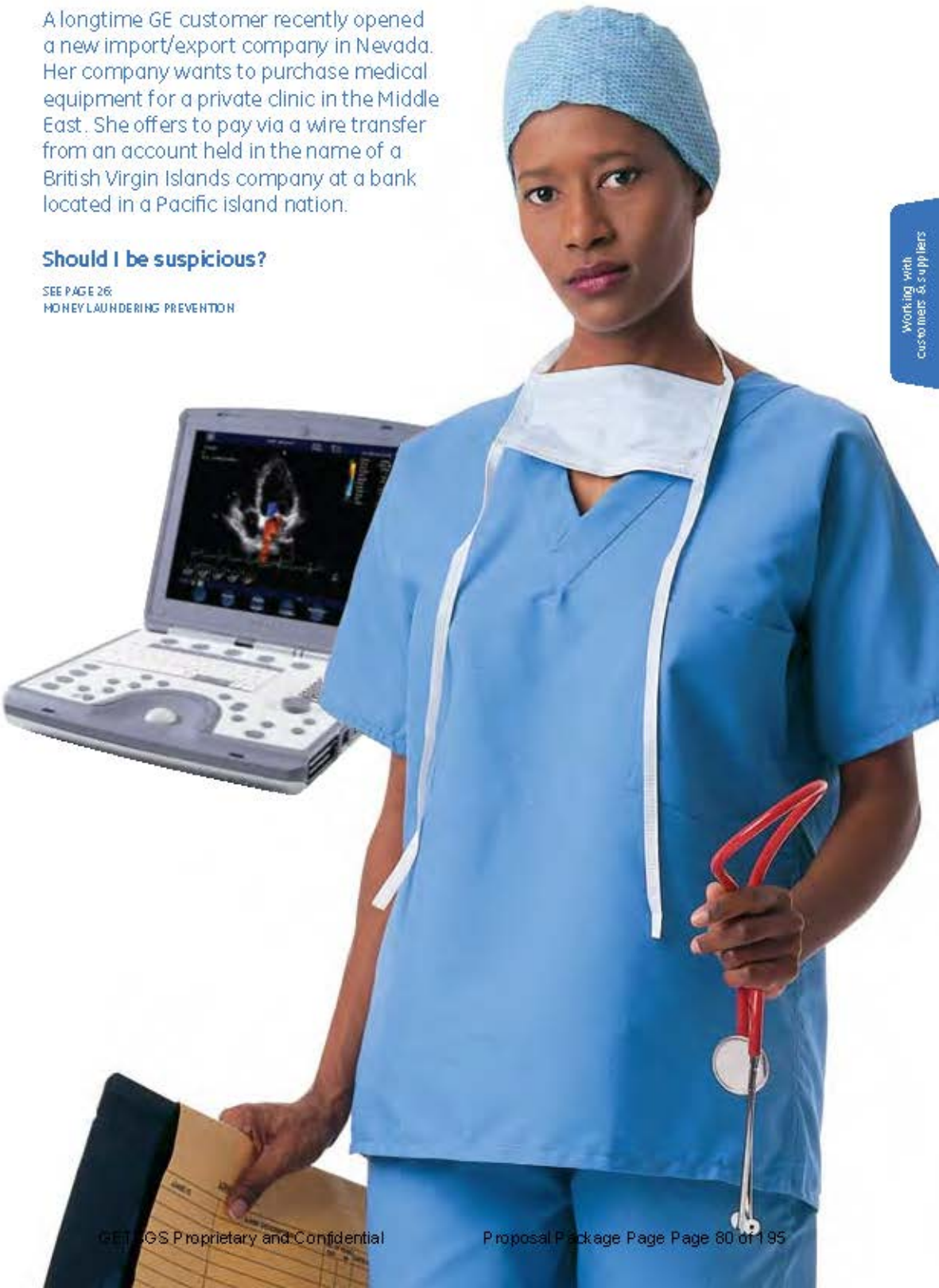
Is it OK to put this information in a database where other GE personnel can access it?

SEE PAGE 28:
PRIVACY

A longtime GE customer recently opened a new import/export company in Nevada. Her company wants to purchase medical equipment for a private clinic in the Middle East. She offers to pay via a wire transfer from an account held in the name of a British Virgin Islands company at a bank located in a Pacific island nation.

Should I be suspicious?

SEE PAGE 26:
MONEY LAUNDERING PREVENTION



International Trade Controls

WHAT TO KNOW

International Trade Control (ITC) laws affect the transmission of goods, services and technology across national borders. These laws apply to many aspects of GE's operations — not just shipping products. Exchanges of information across national boundaries, including e-mail and web access, are subject to trade controls. The United States also controls the release of technical information to non-U.S. nationals *within* the United States. It is important that we carefully observe ITC laws in connection with these activities.

? ANSWER TO QUESTION ON PAGE 22 It depends on the export classification of the technical information and your business's "Know Your Supplier" policy — check with your business's ITC expert for specific guidance.

WHAT TO DO

FOLLOW RELEVANT ITC REGULATIONS of all countries in which you operate and your business's own ITC procedures as they relate to importing and exporting goods, technology, software, services and financial transactions.

REPORT ALL RELEVANT INFORMATION to your import manager to ensure accurate and complete import declarations. Ensure GE or its agent provides accurate and complete information to government authorities.

CHECK THE EXPORT CLASSIFICATION of the product, software or technology prior to export to determine whether special authorization is required.

SCREEN YOUR TRANSACTIONS against all applicable rules that restrict transactions with certain sanctioned countries, persons and prohibited end uses.

SCREEN ALL YOUR BUSINESS PARTNERS, suppliers and parties involved in your international transactions against government-provided watch-lists. Follow your business's "Know Your Customer/ Know Your Supplier" procedures.

DO NOT COOPERATE WITH ANY RESTRICTIVE TRADE PRACTICE or boycott that is prohibited or penalized under U.S. or applicable local laws.

CONSULT WITH YOUR MANAGER if a transaction involves a conflict between U.S. law and applicable local laws, such as the laws adopted by Canada, Mexico and the members of the European Union blocking certain U.S. restrictions.

WHAT TO WATCH OUT FOR

ANY FACTS, SOMETIMES KNOWN AS "RED FLAGS," that suggest your customer may be attempting to evade ITC laws (a complete list of "Red Flags" is available from the International Law & Policy site found at **integrity.ge.com**).

EVASIVE, RELUCTANT OR OTHERWISE UNSATISFACTORY ANSWERS by a customer to questions about end use, end user, delivery dates or delivery locations.

INVOLVEMENT OF PARTIES OR ACTIVITIES suspected of any connection with the development of biological, chemical or nuclear weapons, or ballistic missiles.

TRANSACTIONS INVOLVING AN EMBARGOED COUNTRY, a citizen or representative of an embargoed country or an individual or entity subject to government sanction.

INVOICES ON IMPORTED GOODS where the price shown does not reflect the full value, the description of the goods is not complete, or the country of origin is not correctly identified.

ANY PAYMENT TO THE EXPORTER or benefiting the exporter that is not included in the invoice price or otherwise reported.

TRANSFER PRICES between related parties that fail to cover appropriate costs and profits.

USE OF AN IMPORT TARIFF CLASSIFICATION that does not seem to describe the imported goods accurately.

DESIGNATION OF GE AS THE IMPORTER OF RECORD (party responsible for an importation) without maintaining necessary processes to comply with import laws.

ENTRY OF GOODS UNDER A PREFERENTIAL DUTY PROGRAM (GSP, NAFTA, ETC.) without supportive procedures assuring compliance with the program's requirements.

Money laundering prevention

WHAT TO KNOW

People involved in criminal activity — e.g., terrorism, narcotics, bribery, and fraud — may try to "launder" the proceeds of their crimes to hide them or make them appear legitimate. More than 100 countries now have laws against money laundering, which prohibit conducting transactions that involve proceeds of criminal activities. A related concern is that legitimate funds may be used to finance terrorist activity — sometimes called "reverse" money laundering.

GE is committed to complying fully with all anti-money laundering and anti-terrorism laws throughout the world. GE will conduct business only with reputable customers involved in legitimate business activities, with funds derived from legitimate sources. Each GE business is required to implement risk-based "Know Your Customer" due diligence procedures calibrated to the risk in question, and to take reasonable steps to prevent and detect unacceptable and suspicious forms of payment. Failing to detect customer relationships and transactions that place GE at risk can severely damage GE's integrity and reputation.

ANSWER TO QUESTION ON PAGE 23 Yes, you should be suspicious if a transaction involves transferring funds to or from countries or entities unrelated to the transaction or not logical for the customer. Moreover, requests to transfer money to third parties also raise red flags that need to be investigated to ensure the legitimacy of the transaction. Consult with company counsel or a GE anti-money laundering specialist before proceeding.

WHAT TO DO

COMPLY WITH ALL APPLICABLE LAWS and regulations that prohibit money laundering and support and financing of terrorism, and that require the reporting of cash or suspicious transactions. Understand how these laws apply to your business.

FOLLOW YOUR BUSINESS'S "KNOW YOUR CUSTOMER" PROCEDURES. Collect and understand documentation about prospective customers, agents and business partners to ensure that they are involved in legitimate business activities and their funds come from legitimate sources.

FOLLOW YOUR BUSINESS'S RULES concerning acceptable forms of payment. Learn the types of payments that have become associated with money laundering (for example, multiple money orders or travelers checks, or checks on behalf of a customer from an unknown third party).

IF YOU ENCOUNTER A WARNING SIGN of suspicious activity, raise your concern with a designated GE anti-money laundering compliance specialist or company legal counsel and be sure to resolve your concern promptly before proceeding further with the transaction. Ensure the resolution is well documented.

WHAT TO WATCH OUT FOR

A CUSTOMER, AGENT OR PROPOSED BUSINESS PARTNER who is reluctant to provide complete information, provides insufficient, false or suspicious information, or is anxious to avoid reporting or record keeping requirements.

PAYMENTS using monetary instruments that appear to have no identifiable link to the customer, or have been identified as money laundering mechanisms.

ATTEMPTS BY A CUSTOMER or proposed business partner to pay in cash.

EARLY REPAYMENT of a loan in cash or cash equivalents.

ORDERS, PURCHASES OR PAYMENTS that are unusual or inconsistent with the customer's trade or business.

UNUSUALLY COMPLEX DEAL STRUCTURES, payment patterns that reflect no real business purpose, or unusually favorable payment terms.

UNUSUAL FUND TRANSFERS to or from countries unrelated to the transaction or not logical for the customer.

TRANSACTIONS INVOLVING LOCATIONS identified as secrecy havens or areas of known terrorist activity, narcotics trafficking or money laundering activity.

TRANSACTIONS INVOLVING FOREIGN SHELL OR OFFSHORE BANKS, unlicensed money remitters or currency exchangers, or non-bank financial intermediaries.

STRUCTURING OF TRANSACTIONS TO EVADE RECORD KEEPING or reporting requirements (for example, multiple transactions below the reportable threshold amounts).

REQUESTS TO TRANSFER MONEY or return deposits to a third party or unknown or unrecognized account.

Privacy

WHAT TO KNOW

A growing number of countries are more stringently regulating the collection and use of consumers' "personal data" (names, home and office contact information, and other data). In addition, many countries regulate personal data of company representatives in business-to-business transactions. A few countries even regulate the privacy of information relating to corporations. GE is committed to handling personal data responsibly and in compliance with applicable privacy laws.

? ANSWER TO QUESTION ON PAGE 22 If you collected this data in a country regulated by a "personal data protection" law—for example, most countries in Europe—you may be prohibited by law from using or sharing the information where the person to whom the data pertains has not granted express consent. If you are not sure, consult with the Chief Privacy Leader for your business listed on the Privacy site at Support Central.

WHAT TO DO

LEARN AND COMPLY with the following as they apply to personal data including:

- Applicable laws and regulations of jurisdictions from which the personal data is collected and in which it is processed or used.
- The privacy policies of GE and your business.
- Any contractual obligations that apply.

COLLECT, PROCESS AND USE PERSONAL DATA for legitimate business purposes only.

USE "ANONYMOUS" DATA (names removed and not identifiable) or "aggregated" data (summarized so as not to be identifiable to an individual) instead of personal data where appropriate or required.

LIMIT ACCESS to personal data to individuals who need it for a legitimate business purpose.

USE CARE to prevent unauthorized access in processing of personal data or accidental loss or destruction of personal data.

IF YOU LEARN THAT PERSONAL DATA HAS BEEN USED IN VIOLATION of this policy or your business's privacy implementing procedures, or if you learn that the security of any system or device containing personal data has been compromised, immediately notify your manager, business Privacy Leader or company legal counsel.

WHAT TO WATCH OUT FOR

INADEQUATE ACCESS OR SECURITY CONTROLS for personal data, such as e-mailing or otherwise distributing personal data to a larger group than legitimately needed, or leaving printouts with personal data at a printer, copy machine or fax machine for others to see.

SHARING OF PERSONAL DATA with unaffiliated third parties, such as vendors or suppliers, who lack appropriate security safeguards or restrictions on information use.

TRANSFERS OF PERSONAL DATA between countries, without considering applicable legal requirements.

Government business

We are entitled to a large payment from a government customer if we certify that project installation has been completed. We're not sure whether a few small items have been installed yet, but they should be soon. It's getting close to year-end, and we'd like to book the payment.

Can we submit our invoice and certification now?

SEE PAGE 32
WORKING WITH GOVERNMENTS

Working with governments

WHAT TO KNOW

GE conducts business with national governments and government-owned enterprises. In the course of our work, we frequently interact with government agencies, officials and public international agencies. In every instance, GE employees must apply the highest ethical standards and comply with applicable laws and regulations, including certain special requirements associated with government transactions.

ANSWER TO QUESTION ON PAGE 31 No, you cannot submit the invoice and certification until you are certain that the entire installation has been completed in accordance with the contract. Submission of an incorrect certification could subject the company, and you personally, to criminal penalties. Therefore, it is extremely important that all certifications submitted to the government be current, accurate and complete.

WHAT TO DO

ABIDE BY APPLICABLE LAWS and regulations relating to working with governments, particularly special requirements associated with government contracts and transactions.

REQUIRE anyone providing goods or services for GE on a government project or contract—such as consultants, sales representatives, distributors or suppliers—to agree to comply with the intent of GE's Working with Governments policy.

BE TRUTHFUL AND ACCURATE when dealing with government officials and agencies.

ADOPT PROCESSES THAT ENSURE reports, certifications, statements and proposals are current, accurate and complete and that contract requirements are adequately identified and communicated to the responsible parties.

DO NOT MAKE ANY UNAUTHORIZED SUBSTITUTIONS for contracted goods and services or deviate from contract requirements without the written approval of the authorized government official.

WHAT TO WATCH OUT FOR

SPECIAL REQUIREMENTS that apply to transactions with governments, including commercial transactions between private parties financed by government agencies such as the EX-IM Bank, U.S. Agency for International Development, the European Union or the European Bank for Reconstruction and Development.

INCORRECT OR UNAUTHORIZED COST-CHARGING on government contracts.

DEVIATIONS FROM CONTRACT REQUIREMENTS or unauthorized contract substitutions, such as failure to perform required tests and inspections.

SUBMISSION OF INACCURATE OR INCOMPLETE cost or pricing data when this data is required by the government.

VIOLATING GOVERNMENT REGULATIONS that establish gratuity restrictions, recruiting and hiring restrictions, or certification procedures.

ACCEPTING INFORMATION about a government's competitive selection of a supplier, or a competitor's bid or proposal (unless the contracting officer or agency leader has specifically and lawfully authorized the information's release).

NEGOTIATING FOR EMPLOYMENT with a government official or government official's family members while the official has the ability to influence decision-making about contracts with the government.

VIOLATIONS OF THE U.S. GOVERNMENT ZERO TOLERANCE POLICY regarding trafficking in persons. This anti-trafficking policy is applicable to employees directly engaged in performance of work on all U.S. Federal Government contracts. Employees that violate this policy may be subject to disciplinary action up to and including termination, and may subject the company to contract termination, suspension or debarment. Our Company's Working with Governments Policy at **integrity.ge.com** provides additional details.

Section Three

Complying with competition laws

Competing globally

There is a big account I think my business could land—but only if we partner with one of our competitors to go after it.

Can we work together without violating the competition laws, or should I let this opportunity pass?

SEE PAGE 36:
COMPLYING WITH COMPETITION LAWS

Complying with competition laws

WHAT TO KNOW

Competition and antitrust laws:

- Prohibit agreements or understandings between competitors that undermine competition;
- Regulate the behavior of dominant companies; and
- Require prior review and in some instances clearance for mergers, acquisitions and certain other transactions, in order to prevent transactions that would substantially reduce competition.

These laws are complex, and global in reach, and can operate differently in any particular situation. Your business provides specific guidelines on addressing contacts with competitors, obtaining and handling data about competitors, and participating in trade and professional associations and standards setting and product certification organizations. In addition, it is often essential that you involve legal counsel early in the process of developing new commercial initiatives given the many uncertainties that arise in the application of these laws.

ANSWER TO QUESTION ON PAGE 35 Partnering with a competitor for a specific project may be permissible when the result is an improvement in the solution offered to the customer; for example, when both companies together can provide an offering that neither would be able to supply separately. Always seek legal advice before agreeing to work with a competitor on a joint proposal.

WHAT TO DO

COMPLY with all applicable competition laws and regulations as well as competition law decrees, orders and agreements with any competition regulator about how business will be conducted.

REVIEW AND UNDERSTAND both GE and business-specific policies and procedures, and if you have questions or issues, bring them up with company legal counsel.

DO NOT propose or enter into agreements or understandings—expressed or implied, formal or informal, written or oral—with any competitor regarding any aspect of the competition between GE and the competitor. Do not discuss with a competitor or competitor representative:

- Prices
- Bids
- Sales territories, allocation of customers or product lines
- Terms or conditions of sale
- Production, sales capacity or volume
- Costs, profits or profit margins
- Market share
- Product or service offerings
- Customer or supplier classification
- Distribution methods

DO NOT propose or enter into agreements with anyone (including competitors, agents, brokers or customers) regarding whether to submit a bid or the terms of a bid where there is an understanding that the bid is submitted for any purpose other than winning the business.

AVOID CONTACTS of any kind with competitors that could create the appearance of improper agreements or understandings.

DO NOT propose or enter into agreements or understandings with customers that restrict the price or other terms at which the customer may resell or lease a product or service to a third party.

DO NOT propose or enter into agreements or understandings with suppliers that restrict the price or other terms at which GE may resell or lease any product or service.

CONSULT with company legal counsel to help reduce the risks of noncompliance in the evaluation of any proposed merger, acquisition, joint venture or any other business arrangement that could raise competition law issues (examples of arrangements that need to be discussed with counsel are listed in "What to Watch Out For" below).

WHAT TO WATCH OUT FOR

EXCLUSIVE ARRANGEMENTS for the purchase or sale of products or services.

BUNDLING of goods and services.

AGREEMENTS THAT RESTRICT A CUSTOMER'S CHOICES in using or reselling a GE product or service.

TECHNOLOGY LICENSING agreements that restrict the freedom of the licensee or licensor.

SELECTIVE PRICE DISCOUNTING to only certain customers.

DISTRIBUTION ARRANGEMENTS with competitors.

AGREEMENTS TO ADD A GE EMPLOYEE to another entity's board of directors.

Section Four

Fair employment practices
Environment, health & safety
Security & crisis management

In the GE community

I'm disabled and required to attend an offsite meeting that is not physically accessible for me.

Don't I have rights offsite?

SEE PAGE 60:
FAIR EMPLOYMENT PRACTICES

Fair employment practices

WHAT TO KNOW

Fair employment practices do more than keep GE in compliance with applicable labor and employment laws. They contribute to a culture of respect. GE is committed to complying with all laws pertaining to freedom of association, privacy, collective bargaining, immigration, working time, wages and hours, as well as laws prohibiting forced, compulsory and child labor and employment discrimination. Beyond legal compliance, we strive to create an environment considerate of all employees wherever GE business is being conducted.

ANSWER TO QUESTION ON PAGE 39 Yes. Reasonable accommodations should be made to provide access and facilitate full participation in the meeting, or alternative arrangements should be made for you.

WHAT TO DO

BASE EMPLOYMENT DECISIONS on job qualifications (e.g., education, prior experience) and merit. Merit includes an individual's skills, performance, values, leadership and other job-related criteria.

MAKE ALL EMPLOYMENT RELATED DECISIONS AND ACTIONS without regard to a person's race, color, religion, national origin, sex (including pregnancy), sexual orientation, age, disability, veteran status or other characteristic protected by law.

PROVIDE A WORK ENVIRONMENT free of improper harassment and bullying.

RESPECT THE PRIVACY RIGHTS of employees by using, maintaining and transferring personal data in accordance with GE's Employment Data Protection Standards and related procedures found at integrity.ge.com. (While seeking to maintain employee privacy, GE reserves the right to monitor use of company property, including computers, e-mail, phones, proprietary information, etc., in accordance with applicable law.)

TAKE LAWFUL AFFIRMATIVE ACTIONS in the United States, and elsewhere if required by local law, to increase opportunities in employment for women, minorities, people with disabilities and certain veterans.

IF A CONFLICT ARISES between the requirements of this policy and the laws, customs or practices of a particular area, consult with management and company legal counsel to determine the most appropriate course of action.

WHAT TO WATCH OUT FOR

A HOSTILE WORK ENVIRONMENT (for example, telling jokes or displaying materials that ridicule or offend a member of a particular race or ethnic group).

MAKING UNWELCOME SEXUAL ADVANCES to another employee or person with whom you work.

VIOLATING A LABOR LAW in your country (for example, hiring a child under the legal minimum age).

REFUSING TO WORK, or otherwise cooperate with, certain individuals because of their race, religion, sex, or other characteristic protected by law.

DISCLOSING EMPLOYMENT DATA to a person who does not have the business need, authority or the subject's consent.

TAKING AN ADVERSE ACTION against an employee (e.g., firing) because the employee has raised a concern about a violation of policy or law.

You're dispatched to rewire a customer's failing electrical system. Unfortunately, the customer cannot completely shut down the system for repairs as planned. You accomplish most of the job by shutting down parts of the system as needed. Finally, all that remains is some simple rewiring that requires a more disruptive shut-down. The customer asks you, as a favor, to do this work with no shut-down. You feel confident that you can do it with minimal risk.

Can you do the customer this favor?

SEE PAGE 44
ENVIRONMENT, HEALTH & SAFETY

A new customer wants to place a big order with GE, provided the equipment can be shipped to them overnight. That doesn't give us enough time to do the required Watchlist screening.

Can I ship the equipment today and check the Watchlists tomorrow?

SEE PAGE 46
SECURITY & CRISIS MANAGEMENT

Environment, health & safety

WHAT TO KNOW

Protecting the environment and the health and safety of employees is the law—and GE believes it's also the right thing to do. Through management leadership and employee commitment, GE works to conduct its operations in a safe manner that minimizes environmental impact. This policy affects all company activities—not just managing our waste and emissions, but everything we do—for example, selling products, driving a car on company business, acquiring a new business or providing customer service.

ANSWER TO QUESTION ON PAGE 43 No. GE Policy and safe work practices require that energized machinery be de-energized before work is commenced. While there are limited exceptions to this rule that allow specially trained employees to work on energized equipment when specific safeguards are in place, in general maintenance or repair work should only occur when the machinery or equipment has been de-energized to remove the hazard.

WHAT TO DO

COMPLY with all applicable environmental health and safety ("EHS") laws and regulations, and GE EHS policies.

CREATE AND MAINTAIN a safe working environment and prevent workplace injuries.

ASSESS EHS LEGAL AND REPUTATIONAL RISKS before starting a new activity, venture or project, selling a new product, acquiring a new business or participating in a hazardous business.

CONSIDER EHS IMPACTS in the design and production of GE's products and services as part of evaluating the "life cycle" of our products.

ELIMINATE UNREASONABLE EHS RISKS from GE's facilities, products, services and activities.

AS PRACTICABLE, REDUCE TOXIC AND HAZARDOUS MATERIALS; prevent pollution; and conserve, recover and recycle materials, water and energy.

CONTINUE TO IMPROVE OUR EHS SYSTEMS and performance as an integral part of GE's operational strategy.

PRESENT IDEAS that support the goals of this policy to your manager or your business's EHS manager.

PROMPTLY ALERT YOUR MANAGER or EHS contact of unlawful or unsafe conditions.

WHAT TO WATCH OUT FOR

UNSAFE ACTIVITIES AND CONDITIONS, such as:

- Failure to use personal protective equipment (shoes, safety glasses, hearing protection, gloves, monitors, etc.).
- Unlabeled or unapproved chemicals.
- Exposed or unsafe wiring.
- Blocked fire or emergency exits.
- Unsafe driving, or failure to wear seat belts or follow GE's driving policies.
- Working in high places without fall protection.
- Working beneath heavy, suspended loads, or improperly using cranes.
- Working on electrical or powered equipment without following safety (e.g. "lock-out, tag-out") procedures.
- Working unsafely at a customer site.
- Potential exposure to serious infectious diseases.
- Disabling safety controls or guarding on equipment and machinery.

FAILURE TO COMPLY with health, safety or environmental regulations and procedures.

EHS COMPLAINTS from employees, customers or neighbors.

UNREPORTED environmental, health or safety hazards or accidents.

FAILING TO RESPOND promptly to concerns about possible product safety issues.

MISSED OPPORTUNITIES for reducing waste and toxic materials.

FAILING TO FOLLOW GE POLICIES for the management, shipping, transportation, import/export and disposal of hazardous materials and chemicals.

RISKS AND LIABILITY associated with new acquisitions as well as both new and existing products, processes, services and ventures that present increased legal liability and reputational risk.

INADEQUATE SECURITY procedures or practices that may present safety threats to a facility and/or employees.

NEW PRODUCTS, processes, ventures or acquisitions that present increased legal liability and reputational risk.

Security & crisis management

WHAT TO KNOW

In an age of increasing terrorist threats, protecting the security of our people, workplaces, information and businesses is critical. It starts with every business implementing a rigorous and comprehensive security and crisis management (SCM) plan. GE's SCM plan includes measures for preventing terrorist and other criminal acts covering our employees, facilities, information, information technology (IT) infrastructure, business continuity and crisis management. In addition, employees must take every precaution to avoid doing business with terrorists or those that support terrorist activity.

ANSWER TO QUESTION ON PAGE 43 No, don't ship the equipment until the screening is done. GE cannot agree to do business with a customer, supplier or any other third party until after all required Watchlist screening has been completed

WHAT TO DO

IMPLEMENT RIGOROUS PLANS to address the security of employees, facilities, information, IT assets and business continuity.

PARTICIPATE IN your business's emergency planning and emergency drills.

COMPLY WITH the entry and exit rules at GE facilities, including wearing the appropriate badge.

PROTECT ACCESS to GE facilities from all but authorized personnel.

PROTECT IT ASSETS from theft or misappropriation.

CREATE AND MAINTAIN a safe working environment—this includes identifying and reporting indicators of workplace violence.

COMPLY WITH global immigration rules when traveling internationally, and ensure that employees or visitors who work for you or are closely associated with your business also comply.

COMPLY WITH all GE international travel policies. Obtain appropriate pre-clearances to designated countries.

CONDUCT appropriate background checks on new hires and contractors, wherever allowed by law.

ENSURE PROPER BUSINESS continuity plans are prepared for an emergency.

SCREEN all customers, suppliers, agents and dealers against appropriate terrorist Watchlists.

REPORT ANY APPARENT security lapses to your manager, Crisis Management Leader or GE Ombudsperson.

WHAT TO WATCH OUT FOR

INDIVIDUALS AT GE FACILITIES not wearing appropriate badges.

UNSECURE IT ASSETS, such as laptops, servers, etc.

INADEQUATE PROTECTION of hazardous materials.

UNSECURE AREAS OF A FACILITY where only authorized personnel are allowed to enter.

SECURITY COMPLAINTS from employees, customers or neighbors.

UNAUTHORIZED ENTRY to a facility.

DOING BUSINESS with a customer, supplier or any third party without sufficient screening.

Section Five

Intellectual property
Controllership
Conflicts of interest
Insider trading & stock tipping

Protecting GE assets

One of our products will soon have a new feature that will really help it outperform the competition. A big customer of mine is pressing me to describe the new feature to her now, because she needs to make her buying decisions this week. I know GE wants to patent the feature, but I'm not sure the application has been filed yet.

Can I show the customer the new feature?

SEE PAGE 50:
INTELLECTUAL PROPERTY

I'd like to persuade my customer to purchase a new product before they really need it, because it will help me exceed my quarterly sales goals. I could offer them a discount, and we could hold the product at our plant until they need it.

If the customer agrees, can I do this?

SEE PAGE 52:
CONTROLLERSHIP

Intellectual property

WHAT TO KNOW

GE's intellectual property is one of its most valuable assets. All employees must work to safeguard our patents, trademarks, copyrights, trade secrets and other proprietary information. At the same time, it is critical that we respect the valid intellectual property rights of others. Unauthorized use of others' intellectual property can expose the Company and even individual GE employees to civil law suits and damages, including significant fines and criminal penalties. A key to protecting our intellectual property and, at the same time, guarding against these risks, is the timely and reasonable review of new GE products, services, processes and software, for possible inventions and trade secrets and infringement of the intellectual property rights of others.

ANSWER TO QUESTION ON PAGE 49 No. Patent counsel should be consulted first, because showing the feature to the customer before a patent application is filed could result in the loss of GE's right to obtain a patent.

WHAT TO DO

IDENTIFY AND PROTECT GE intellectual property.

FOLLOW THE REQUIREMENTS of GE's Submitted Ideas Procedure (found at **ge.com/en/subidea**) in handling any unsolicited ideas from outsiders as well as any employee ideas not covered by the "Employee Innovation and Proprietary Information Agreement" (EIPIA). For more information, consult the "Intellectual Property Rights" Management Procedure found at **integrity.ge.com**.

RESPECT VALID PATENTS, copyrighted materials and other protected intellectual property of others.

CONSULT with Company legal counsel concerning necessary licenses or approvals to use protected intellectual property of others such as patents, trademarks or proprietary information (i.e. information that is in confidence and not publicly known or generally available).

CONSULT with company legal counsel before:

- Soliciting, accepting or using proprietary information of outsiders (for example, soliciting from a customer proprietary information of a competitor).
- Disclosing GE proprietary information to outsiders.
- Permitting outsiders to use GE intellectual property.

UNDERSTAND YOUR RESPONSIBILITIES to the Company regarding new inventions, ideas that you may develop as a GE employee and the Company's information. Consult with company legal counsel if you have any question about these responsibilities, or about the EIPIA (signed by exempt employees and other employees in a position of trust or likely to make inventions).

COMPLY with the guidelines for use of the GE primary trademarks and trade names (available at **gebrandcentral.com**) and GE's "Intellectual Property Rights" Management Procedure found at **integrity.ge.com**.

WHAT TO WATCH OUT FOR

ACCEPTING PROPRIETARY INFORMATION belonging to an outsider, without first consulting company legal counsel.

DISCUSSING GE PROPRIETARY INFORMATION with customers or suppliers.

USING ANOTHER COMPANY to develop new products or software without a written agreement in place covering ownership and other rights in the developed intellectual property.

PASSING ON, for technical or management review, an outsider's suggestion for a new product, product feature, service or name, without following the GE Submitted Ideas Procedure (found at **ge.com/en/subidea**).

INTRODUCING, OR PROVIDING INFORMATION about, a new product or service before patent applications have been filed or a decision has been made not to file an application.

INTRODUCING A NEW PRODUCT or service, or new product or service name, before checking for patent or trademark infringement.

THREATENING anyone suspected of infringing any GE intellectual property without first consulting with company legal counsel.

EMPLOYING A NEW PERSON, especially a person who previously worked for a competitor, without putting in place safeguards to prevent the person from inadvertently disclosing or using the proprietary information of the previous employer.

EMPLOYING A PERSON who has not signed the EIPIA in a job where inventions are likely to be made.

Controllership

WHAT TO KNOW

Controllership embodies three fundamental elements: (1) rules that classify transactions and balances appropriately; (2) systems and controls that protect assets and accumulate information consistently and correctly; and (3) financial and transaction reporting that is timely and unbiased. Controllership creates the right environment for disclosing timely, reliable and accurate information to government agencies and the public.

ANSWER TO QUESTION ON PAGE 49 No. This can be damaging both economically (giving away margin and putting strain on a customer relationship) and from an accounting standpoint (not technically a sale, as the rules for revenue recognition have not been met).

WHAT TO DO

FOLLOW GE'S GENERAL ACCOUNTING PROCEDURES, as well as applicable generally accepted accounting principles, standards and regulations for accounting and financial reporting.

ENSURE THAT FINANCIAL AND NON-FINANCIAL INFORMATION and operating metrics are reported accurately and in a timely fashion.

MAINTAIN COMPLETE, ACCURATE AND TIMELY records and accounts to appropriately reflect all business transactions.

SAFEGUARD ALL COMPANY ASSETS (physical, financial and informational).

PROVIDE TIMELY, CANDID FORECASTS and assessments.

MAINTAIN SOUND PROCESSES and controls.

COMPLY WITH GE'S DOCUMENT MANAGEMENT PROCEDURES (found at **integrity.ge.com**) as well as all applicable laws and regulations relating to the preservation of documents and records.

PRESERVE DOCUMENTS AND RECORDS relevant to pending or reasonably foreseeable litigation, audits or investigations, and as directed by Company counsel.

WHAT TO WATCH OUT FOR

FINANCIAL RESULTS THAT SEEM INCONSISTENT with underlying performance.

INACCURATE FINANCIAL RECORDS, such as overstated travel and living expense reports, or erroneous timesheets or invoices.

TRANSACTIONS THAT ARE INCONSISTENT with good business economics.

ABSENCE OF CONTROLS to protect assets from risk of loss.

PHYSICAL ASSETS or other resources that could be more fully used, reallocated or disposed of.

CIRCUMVENTING REVIEW and approval procedures.

INADEQUATE ROUTINES AND CONTROLS at newly acquired businesses and at remote and/or understaffed sites.

INADEQUATE ROUTINES AND CONTROLS to preserve documents (including e-mail) for pending or reasonably foreseeable litigation, audits and investigations.

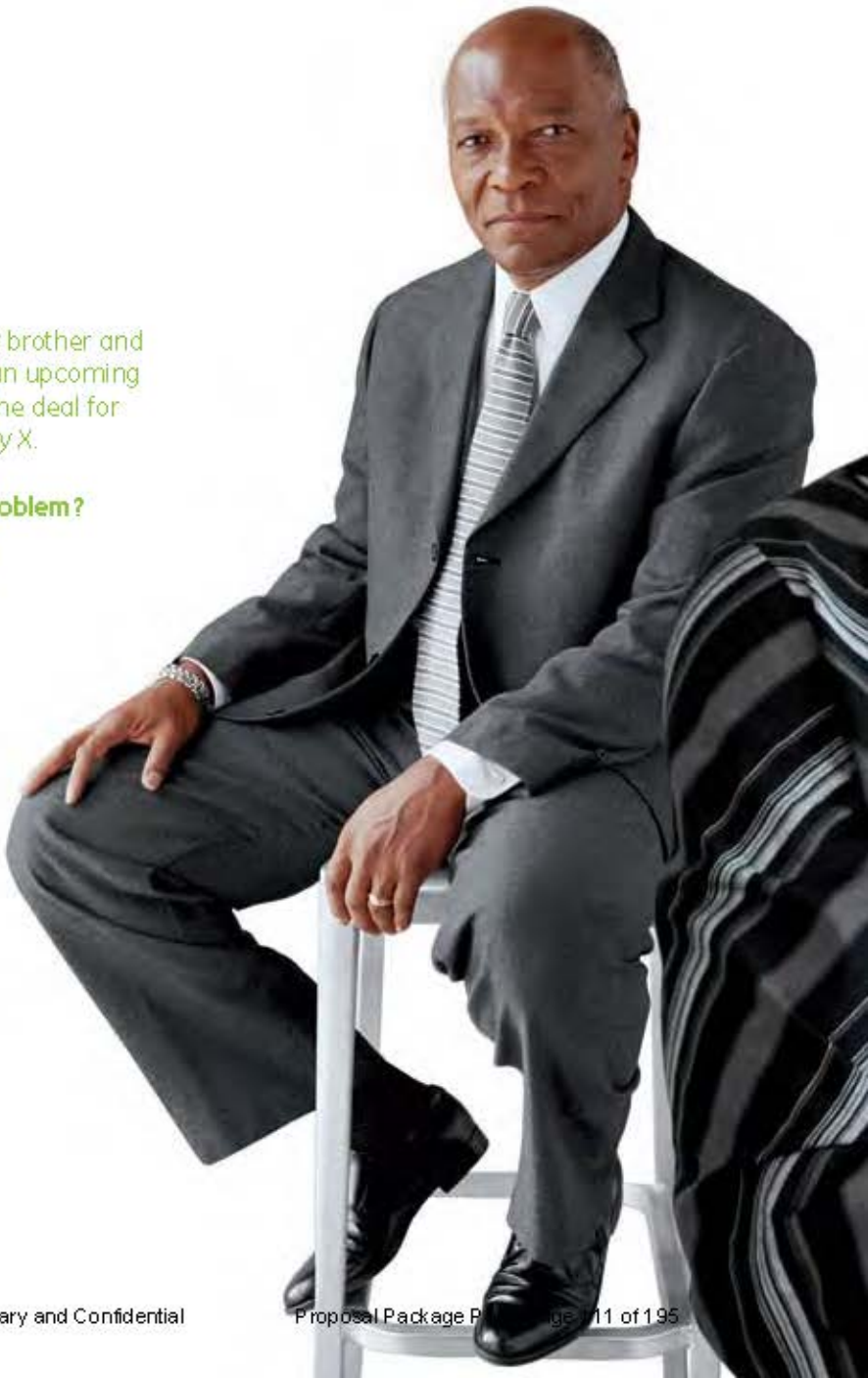
DISPOSAL OF DOCUMENTS without knowing what is being discarded or whether the documents are subject to legal preservation requirements.

FALSE OR EXAGGERATED STATEMENTS in e-mail, presentations or other documents.

I was chatting with my brother and mentioned that I had an upcoming business trip to close the deal for GE to acquire Company X.

Could this create a problem?

SEE PAGE 58:
INSIDER TRADING & STOCK TIPPING



Your cousin owns a company that supplies raw materials to a GE business.

Is that a prohibited conflict of interest, no matter what GE business you're in?

SEE PAGE 56:
CONFLICTS OF INTEREST

Conflicts of interest

WHAT TO KNOW

On the job or in your free time, nothing you do should conflict with your responsibilities to GE. No activity at work or at home should hurt GE's reputation or good name. Misusing GE resources or influence is also prohibited. Even when nothing wrong is intended, the appearance of a conflict can have negative effects. It is crucial to consider how your actions might appear, and to avoid the perception of a conflict of interest.

? ANSWER TO QUESTION ON PAGE 55 This is not explicitly prohibited, but the Conflicts of Interest policy requires that you disclose the situation to GE management, and that you not attempt to influence GE business with your cousin's company.

WHAT TO DO

DISCLOSE (in writing to your manager and to company legal counsel) all of your outside activities, financial interests or relationships that may either present a conflict or the appearance of one.

USE GOOD JUDGMENT in all personal and business dealings outside your GE job.

AVOID ACTIONS OR RELATIONSHIPS that may cause potential conflicts or create the appearance of a conflict with your job or GE's interests.

DO NOT MISUSE or use for personal gain GE resources, intellectual property, time or facilities—this includes office equipment, e-mail and computer applications.

DO NOT TAKE for yourself personally any opportunities that GE could have an interest in that are discovered through the use of GE position, information or property.

GET APPROVALS before accepting officer or director positions with an outside business while you are a GE employee.

GET YOUR MANAGER'S APPROVAL when accepting not-for-profit board positions, particularly if the organization has a GE relationship or might expect GE financial or other support.

WHAT TO WATCH OUT FOR

FINANCIAL INTERESTS in a company where you could personally affect GE's business with that company (for example, a customer, supplier or investment).

PART-TIME JOBS which you perform using GE hours or GE equipment or materials.

GIFTS of other than nominal value from suppliers, customers or competitors, particularly if you're making decisions (on GE's behalf) that involve them.

PERSONAL DISCOUNTS or other benefits from suppliers, service providers or customers that the public or your GE peers do not receive.

DIRECTING BUSINESS to suppliers when you know they are owned or managed by your family members or close friends.

MISUSING GE RESOURCES, your position or influence to promote or assist an outside activity.

HIRING, PROMOTING OR DIRECTLY SUPERVISING a family member or close friend.

PERSONAL RELATIONSHIPS that may conflict with your GE responsibilities or compromise company interests.

Insider trading & stock tipping

WHAT TO KNOW

In the course of your job, you may learn of material information about GE or other companies before it is made public. You may simply overhear a hallway conversation or come across a memo left at a copy machine. Using this information for your financial or other personal benefit or conveying this information to others constitutes a violation of this policy and may even violate the law. This includes buying or selling the securities of any company about which you have material non-public information and giving this "inside information" to anyone else who might base financial trades on the information you've shared.

ANSWER TO QUESTION ON PAGE 54 Yes, if Company X is a public company and the possible acquisition of Company X has not been publicly announced. If your brother trades Company X stock based on your tip, both of you could be charged with insider trading.

WHAT TO DO

DO NOT BUY OR SELL the securities of any company, including GE, either directly or through family members or other persons or entities, while you are aware of inside information about the company. (This is known as "insider trading.")

DO NOT RECOMMEND OR SUGGEST that anyone else buy or sell the securities of any company, including GE, while you have inside information about the company. (This is known as "tipping.")

MAINTAIN THE CONFIDENTIALITY of Company information and do not convey information to anyone outside the Company unless it is necessary for the Company's business activities.

IF THE NATURE OF YOUR BUSINESS'S ACTIVITIES and your position in the business subject you to additional requirements relating to buying and selling securities (such as pre-clearing personal trades through the Transaction Control Authority, found at **integrity.ge.com**), learn and follow all of those requirements.

IF QUESTIONS ARISE, consult company counsel before trading in the security or disclosing company information.

WHAT TO WATCH OUT FOR

NON-PUBLIC INFORMATION WHICH, IF DISCLOSED, would reasonably be expected to affect the price of a security or would influence your decision to buy, sell or hold a security, such as an earnings announcement or a prospective acquisition announcement (this is known as "inside information").

BUYING OR SELLING A SECURITY because you hear or learn of information at work that you think will make the price go up or down once it's publicly announced.

ENGAGING IN TRADING ACTIVITY around the time of a significant company announcement.

DISCUSSING GE BUSINESS with family and friends.

TALKING ABOUT WHAT YOU'RE WORKING ON or where you're going on company business or who visited the office.

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Appendix

WHICH LAW APPLIES

GE conducts business in more than 100 countries around the world. Our employees are citizens of many different countries. As a result, our operations are subject to the laws of many countries, provinces, states and municipalities, and organizations such as the European Union.

An important challenge for all of us is to understand how these laws may apply to our operations. GE, the parent company, is a corporation organized in the United States. The laws of the United States frequently extend to the operations of GE and its affiliates throughout the world, as well as to the business activities of GE employees wherever they live and work. Other countries may also apply their own laws outside of their borders to their own citizens and to corporations that are organized under their laws, such as GE subsidiaries or other controlled affiliates.

The references in GE policies to the laws of the United States and the other countries where we do business reflect the reality that a global company is regulated by many different laws at the same time. In some instances, there may be a conflict between the applicable laws of two or more countries. When you encounter such a conflict, it is especially important to consult company legal counsel to understand how to resolve that conflict properly.

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GE employed a printer that produces all of its own electricity and is a certified totally enclosed facility that produces virtually no volatile organic compound emissions.

General Electric Company
Fairfield, Connecticut 06828

Visit the integrity Web site **integrity.ge.com**

GE intranet: for employees only

You'll find more information including:

- Complete policies, including questions and answers
- Procedures and guidelines
- How to raise a concern
- How to contact an expert
- Business integrity Web sites
- Compliance training
- Tools and resources

0X/08/S&L/XXMM/E

KNORR BRAKE CO

SECTION B
PART B TECHNICAL PROPOSAL AND STATEMENTS AND CERTIFICATIONS REGARDING ELIGIBILITY

QUALIFICATIONS AND CERTIFICATIONS

NOTE: The Authority reserves the right to audit compliance with respect to each of the required statements and certifications in the forms submitted by Offerors, including but not limited to the Domestic U.S. Content Certification, Domestic U.S. Content Worksheet, and Final Assembly of Production (Non-Pilot) Vehicles in Massachusetts.

Questions Concerning Eligibility

Provide short answers (and attach relevant documents) to the following questions and requests:

1. **Attach relevant Certificate of Good Standing from the Secretary of State of the Commonwealth of Massachusetts**
   Knorr Brake Company is currently seeking a Certificate of Good Standing from the Secretary of State of the Commonwealth of Massachusetts.

2. **Provide the names and telephone numbers of all business owners, shareholders if not a publicly held corporation, and/or members if a limited liability company.**
   Please see the names and telephone numbers of the officers of Knorr Brake Company below.

3. **Provide the names, title and telephone numbers of all officers.**

Richard Bowie	*CEO*	410-875-1251
David Moore	*Director of Finance*	410-875-1438
Kenneth E. Towns	*Vice President, Contracts*	410-875-1440

4. **Has the business or an owner or shareholder of the business ever had a prior contractual relationship with the MBTA? If yes, please describe relationship.**
   No.

5. **Has the business or an owner or shareholder of the business ever been in default of any obligations under a contract with the MBTA, any other Massachusetts state agency or any federal agency? If yes, please describe the circumstances. Please indicate whether it resulted in a termination for cause.**
   No.

6. **Have any of the business owners, shareholders, or officers every been convicted of felony violations of Federal, state or local laws? If yes, please describe the circumstances.**
   No.

7. **Are there any pending recent law suits against the business or any of its owners or shareholders? If yes, please describe the circumstances.**
   No.

8. Provide the name, address, account number, contact person and telephone number of the insurance agent responsible for procuring insurance required by the Solicitation Documents.

Aon Risk Solutions
199 Water Street, 32nd Floor
New York, NY 10038
Amy Wen
212-441-2685

9. Provide the name, address, contact person and telephone of three business credit references, including but not limited to your primary banking institution.

1. Deutsche Bank Trust Company Americas (Bank)
60 Wall Street, 25th Floor
New York, NY 10005
212-474-8118
2. Regal Bank & Trust (Bank)
1046 Baltimore Blvd.
Westminster, MD 21157
410-876-4630
3. Northern Manufacturing Co. (Reference)
132 North Railroad St.
Oak Harbor, OH 43449
419-898-2821

10. Has the business or any of the business's owners or shareholders ever filed for bankruptcy or invoked insolvency proceedings under state law?

No.

11. Provide the last three (3) years of audited financial statements, or reasonable equivalent of the Offeror. If the Offeror is a joint venture or other combination of business entities, provide the last three (3) years audited financial statements for each entity.

Please see the annual reports of Knorr- Bremse for the past three years at http://www.knorr-bremse.de/en/group/ataglance/annualreports/annualreports.jsp

12. Provide the business's current code of business ethics or equivalent.

An electronic copy of Knorr Brake Company's Code of Business Ethics can be provided for review upon request.

SECTIONB

PARTBTECHNICALPROPOSALANDSTATEMENTSAND CERTIFICATIONSREGARDINGELIGIBILITY

QUALIFICATIONSANDCERTIFICATIONS

NOTE:TheAuthorityreservestherighttoauditcompliancewithrespecttoeachoftherequiredstatements andcertificationsintheformssubmittedbyOfferors,includingbutnotlimitedtotheDomesticU.S.Content Certification,DomesticU.S.ContentWorksheet,andFinalAssemblyofProduction(Non-Pilot)VehiclesinMassachusetts.

QuestionsConcerningEligibility

Provideshortanswers(andattachrelevantdocuments)tothefollowingquestionsandrequests:

1. AttachrelevantCertificateofGoodStandingfromtheSecretaryofStateoftheCommonwealthofMassachusetts.

2. Providethenamesandtelephonenumbersofallbusinessowners,shareholdersifnotapublicly heldcorporation,and/ormembersifalimitedliabilitycompany.

Joe Lazzara	708-547-7000

3. Providethenames,titleandtelephonenumbersofallofficers.

Rick Komm	Dir. Of Sales and Marketing	708-547-7000
Tony Lazzara	VP of Operations	708-547-7000
Joe Nemecek	Controller	708-547-7000

4. Hasthebusinessoranownerorshareholderofthebusinesseverhadapriorcontractualrelationship withtheMBTA? Ifyes,pleasedescriberelationship.

   - Completed an insert refub program for MBTA between 2002 and 2003.
   - Manufactured brand new inserts for MBTA Green Line thru Breda.
   - Currently, thru Alstom, we are manufacturing entire seats for the 74 car Bi-level overhaul.

5. Hasthebusinessoranownerorshareholderofthebusinesseverbeenindefaultofanyobligationsunderacontractwiththe MBTA,anyotherMassachusettsstateagencyoranyfederalagency?Ifyes, pleasedescribethecircumstances.Pleaseindicatewhetheritresultedinaterminationforcause.

   - None

6. Haveanyofthebusinessowners,shareholders,orofficerseverbeenconvictedoffelonyviolations ofFederal,stateorlocallaws?Ifyes,pleasedescribe the circumstances.

- None

7. Arethereanypendingrecentlawsuitsagainstthebusinessoranyofitsownersorshareholders?Ifyes,pleasedescribe the circumstances.

- None

8. Providethename,address,accountnumber,contactpersonandtelephonenumberoftheinsurance agentresponsibleforprocuringinsurancerequiredbytheSolicitationDocuments.

Name	CFM Insurance
Address	50 N. Brockway St, Suite 5-2 Palatine, IL 60067
Account Number	
Contact Person	David Meyer
Telephone Number	(847) 934-0200

9. Providethename,address,contactpersonandtelephoneofthreebusinesscreditreferences,includingbutnotlimitedtoyourprimarybankinginstitution.

Name	Associated Bank
Address	330 E Kilbourn Ave, Milwaukee, WI
Contract Person	Thomas Peterson
Telephone number	414-283-2343

Name	Royersford Spring Company
Address	98 Main Street, Royersford PA
Contract Person	Ted Claghorn
Telephone number	610-948-4440

10. Hasthebusinessoranyofthebusiness'sownersorshareholderseverfiledforbankruptcyorinvokedinsolvencyproceedingsunderstatelaw?

- None

11. Providethelastthree(3)yearsofauditedfinancialstatements,orreasonableequivalentoftheOfferor.IftheOfferorisajointventureorothercombinationofbusinessentities,providethelastthree(3)yearsauditedfinancialstatementsforeachentity.

- N/A – Privately Held

12. Providethebusiness'scurrentcodeofbusinessethicsorequivalent.

- According to our Employee Handbook:

"We will demonstrate trust, respect and maintain high ethical standards."

"Employees must conduct all Company transactions in an ethical and lawful manner to protect the best interests of the Company. Employees must comply with the guidelines governing corporate and individual standards of conduct."

KUSTOM SEATING UNLIMITED, INC.

SECTIONB
PARTBTECHNICALPROPOSALANDSTATEMENTSA NDCERTIFICATIONSREGARDINGELIGIBILITY

QUALIFICATIONSANDCERTIFICATIONS

NOTE:TheAuthorityreservestherighttoauditcompliancewithrespecttoeachoftherequiredstatement sandcertificationsintheformssubmittedbyOfferors,includingbutnotlimitedtotheDomesticU.S.Cont entCertification,DomesticU.S.ContentWorksheet,andFinalAssemblyofProduction(Non-Pilot)VehiclesinMassachusetts.

QuestionsConcerningEligibility

Provideshortanswers(andattachrelevantdocuments)tothefollowingquestionsandrequests:

1. AttachrelevantCertificateofGoodStandingfromtheSecretaryofStateoftheComm onwealthofMassachusetts.

2. Providethenamesandtelephonenumbersofallbusinessowners,shareholdersifnotapublicly heldcorporation,and/ormembersifalimitedliabilitycompany.

Joe Lazzara	708-547-7000

3. Providethenames,titleandtelephonenumbersofallofficers.

Rick Komm	Dir. Of Sales and Marketing	708-547-7000
Tony Lazzara	VP of Operations	708-547-7000
Joe Nemecek	Controller	708-547-7000

4. Hasthebusinessoranownerorshareholderofthebusinesseverhadapriorcontractualrelationsh ipwiththeMBTA? Ifyes,pleasedescriberelationship.

   - Completed an insert refub program for MBTA between 2002 and 2003.
   - Manufactured brand new inserts for MBTA Green Line thru Breda.
   - Currently, thru Alstom, we are manufacturing entire seats for the 74 car Bi-level overhaul.

5. Hasthebusinessoranownerorshareholderofthebusinesseverbeenindefaultofanyobligationsu nderacontractwiththeMBTA,anyotherMassachusettsstateagencyoranyfederalagency?Ifyes, pleasedescribethecircumstances.Pleaseindicatewhetheritresultedinaterminationforcause.

   - None

6. Haveanyofthebusinessowners,shareholders,orofficerseverbeenconvictedoffelonyviolations ofFederal,stateorlocallaws?Ifyes,pleasedescribe the circumstances.

- None

7. Arethereanypendingrecentlawsuitsagainstthebusinessoranyofitsownersorshareholders?Ifyes,pleasedescribe the circumstances.

- None

8. Providethename,address,accountnumber,contactpersonandtelephonenumberoftheinsurance agentresponsibleforprocuringinsurancerequiredbytheSolicitationDocuments.

Name	CFM Insurance
Address	50 N. Brockway St, Suite 5-2 Palatine, IL 60067
Account Number	
Contact Person	David Meyer
Telephone Number	(847) 934-0200

9. Providethename,address,contactpersonandtelephoneofthreebusinesscreditreferences,includingbutnotlimitedtoyourprimarybankinginstitution.

Name	Associated Bank
Address	330 E Kilbourn Ave, Milwaukee, WI
Contract Person	Thomas Peterson
Telephone number	414-283-2343

Name	Royersford Spring Company
Address	98 Main Street, Royersford PA
Contract Person	Ted Claghorn
Telephone number	610-948-4440

10. Hasthebusinessoranyofthebusiness'sownersorshareholderseverfiledforbankruptcyorinvoked insolvencyproceedingsunderstatelaw?

- None

11. Providethelastthree(3)yearsofauditedfinancialstatements,orreasonableequivalentoftheOfferor.IftheOfferorisajointventureorothercombinationofbusinessentities,providethelastthree(3) yearsauditedfinancialstatementsforeachentity.

- N/A – Privately Held

12. Providethebusiness'scurrentcodeofbusinessethicsorequivalent.

- According to our Employee Handbook:

"We will demonstrate trust, respect and maintain high ethical standards."

"Employees must conduct all Company transactions in an ethical and lawful manner to protect the best interests of the Company. Employees must comply with the guidelines governing corporate and individual standards of conduct."

MASSACHUSETTS DEPT. OF REVENUE
P.O. BOX 7066
BOSTON, MA 02204

AMY PITTER, COMMISSIONER
ROBERT O'NEILL, BUREAU CHIEF

KUSTOM SEATING UNLIMITED, INC.
3000 MADISON STREET
BELLWOOD, IL 601042219

T/P ID 363512613
Date 1/24/2014
Bureau CERTIFICATE

CERTIFICATE OF GOOD STANDING AND/OR TAX COMPLIANCE

The Commissioner of Revenue certifies as of the above date, that the above named individual or entity is in compliance with its tax obligations payable under M.G.L. c. 62C, including corporation excise, sales and use taxes, sales tax on meals, withholding taxes, room occupancy excise and personal income taxes, with the following exceptions.

This Certificate certifies that individual taxpayers are in compliance with income tax obligations and any sales and use taxes, sales tax on meals, withholding taxes, and/or room occupancy taxes related to a sole proprietorship. Persons deemed responsible for the payment of these taxes on behalf of a corporation, partnership or other business entity may not use our automated process to obtain a Certificate.

This Certificate does not certify that the entity's standing as to taxes such as unemployment insurance administered by agencies other than the Department of Revenue, or taxes under any other provisions of law. Taxpayers required to collect or remit the following taxes must submit a separate request to certify compliance: Alcoholic Beverage Excise, Cigarette Excise, Sales Tax on Boats, International Fuels Tax Agreement, Smokeless Tobacco or Ferry Embarkation.

THIS IS NOT A WAIVER OF LIEN ISSUED UNDER GENERAL LAWS, CHAPTER 62C, SECTION 52.

Very truly yours

Robert O'Neill, Bureau Chief

LUMINATOR HOLDINGS L.P.

(Luminator B-60, 1 -12)

SECTION B

PART B TECHNICAL PROPOSAL AND STATEMENTS AND CERTIFICATIONS REGARDING ELIGIBILITY

QUALIFICATIONS AND CERTIFICATIONS

NOTE: The Authority reserves the right to audit compliance with respect to each of the required statements and certifications in the forms submitted by Offerors, including but not limited to the Domestic U.S. Content Certification, Domestic U.S. Content Worksheet, and Final Assembly of Production (Non-Pilot) Vehicles in Massachusetts.

Questions Concerning Eligibility

Provide short answers (and attach relevant documents) to the following questions and requests:

1. Attach relevant Certificate of Good Standing from the Secretary of State of the Commonwealth of Massachusetts.
   Attached

2. Provide the names and telephone numbers of all business owners, shareholders if not a publicly held corporation, and/or members if a limited liability company.
   LTG GP US Holdings, LLC
   Luminator US Holdings, Inc

3. Provide the names, title and telephone numbers of all officers.
   Avi Zisman, CEO, President 972-516-3066
   Richard Rosselet, CFO, Vice President 972-516-3060

4. Has the business or an owner or shareholder of the business ever had a prior contractual relationship with the MBTA? If yes, please describe relationship.
   NO

5. Has the business or an owner or shareholder of the business ever been in default of any obligations under a contract with the MBTA, any other Massachusetts state agency or any federal agency? If yes, please describe the circumstances. Please indicate whether it resulted in a termination for cause.
   NO

6. Have any of the business owners, shareholders, or officers every been convicted of felony violations of Federal, state or local laws? If yes, please describe the circumstances.
   NO

7. Are there any pending recent law suits against the business or any of its owners or shareholders? If yes, please describe the circumstances. NO

8. Provide the name, address, account number, contact person and telephone number of the insurance agent responsible for procuring insurance required by the Solicitation Documents.

Richard Rosselet – 972-516-3060

9. Provide the name, address, contact person and telephone of three business credit references, including but not limited to your primary banking institution.

PATTY WATSON – AP SPECIALIST
972-516-3158
PWATSON@LUMINATORUSA.COM

BRENDA CASTILLO – ACCOUNTING SUPERVISOR
972-516-3009
BCASTILLO@LUMINATORUSA.COM

BANKING INFORMATION:

JP MORGAN CHASE BANK
JANICE K. BAKER
COMMERCIAL CLIENT SERVICES
2200 ROSS AVENUE, 8TH FLOOR
DALLAS, TX 75201
FAX# 866-362-9632
*To request bank information the preferred method is by fax.

TRADE REFERENCES:

REGAL RESEARCH & MFG., CO.
1200 E. PLANO PARKWAY
PLANO, TX 75074
Casey Watson
972-494-0359 PHONE
972-272-0220 FAX
cwatson@regalresearch.com

PRECISION TECHNOLOGY, INC.
3601 E. PLANO PKWY. STE. 200
PLANO TX 75074
Bob Hall
214-343-0131 PHONE
214-343-8216 FAX

KOPP GLASS, INC.
P.O. BOX 642889
PITTSBURGH, PA 15264-2889
Michele Rupchak
412-501-0250 PHONE
412-271-4103 FAX
mrupchak@koppglass.com

10. Has the business or any of the business's owners or shareholders ever filed for bankruptcy or invoked insolvency proceedings under state law?
NO

11. Provide the last three (3) years of audited financial statements, or reasonable equivalent of the Offeror. If the Offeror is a joint venture or other combination of business entities, provide the last three (3) years audited financial statements for each entity.
Will be provided to Kawasaki Rail Car.

12. Provide the business's current code of business ethics or equivalent.
Attached

The Commonwealth of Massachusetts
Secretary of the Commonwealth
State House, Boston, Massachusetts 02133

William Francis Galvin
Secretary of the
Commonwealth

February 20, 2014

To Whom it May Concern:

I hereby certify that according to the records in this office, an application for registration in the Commonwealth as a foreign Limited Partnership was filed in this office by

LUMINATOR HOLDING L.P.

in accordance with the provisions of Massachusetts General Laws, Chapter 109, § 49, on **June 4, 2008**.

I further certify that said Limited Partnership has filed all annual reports due and paid all fees with respect to such reports; that said Limited Partnership said registration has not been cancelled, withdrawn, or revoked; and that, so far as appears of record, said Limited Partnership has legal existence and is in good standing with this office.

I also certify that the names of the General Partners as listed in the most recent filings are as follows:

LTG GP U.S. HOLDINGS, LLC
900 Klein Road
Plano, TX 75074 USA

In testimony of which,
I have hereunto affixed the
Great Seal of the Commonwealth
on the date first above written.

William Francis Galvin

Secretary of the Commonwealth

Processed By:jbm

LUMINATOR HOLDING, L.P.

CODE

Of

BUSINESS

CONDUCT AND ETHICS

January 2011

TO ALL EMPLOYEES OF LUMINATOR HOLDING, L.P.

We all know that the environment in which we operate is both highly competitive and demanding. Our commitment as individuals to a standard that is ethical and fair provides the basis for dealing with our various constituents: Our investors, the public, our customers and each other.

The Code of Business Conduct and Ethics (the "Code") which follows this letter is intended to assist you, and our companies, in fulfilling this commitment to integrity. The Code is also intended to act as the basic guide to Luminator Holding, L.P.'s program of compliance with the laws under which we operate.

We are personally committed to the Code, and would like to offer the following preliminary thoughts:

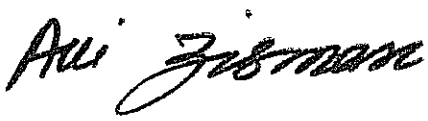
1. Compliance with the law is a basic starting point and we will not tolerate violations. The Code contains some brief descriptions of some of the primary laws which apply to our businesses to help provide some general guidance.

2. Mere compliance with the law is not enough. We also insist on high standards of corporate ethics. The Code will provide you with guidance in this area. The best guide, however, may be your own good judgment and common sense.

3. The Code is just one part of our comprehensive compliance program. It is designed to supplement, not be a substitute for, other policy statements and compliance documents which may be published from time to time by Luminator Holding LP

Please read the Code with care, and retain it with your important papers.

We ask you to continue to act on a principled basis with respect to all our constituencies, and thank you for your cooperation.



Avi Zisman
CEO and President

I. Introduction

Luminator Holding, L.P. ("Luminator " or the "Company") will operate at all times under the general principle that our Company and employees are to conduct business in compliance with the applicable laws and regulations and ethical business standards.

With the implementation of the Sarbanes-Oxley Act and the changes to the New York Stock Exchange corporate governance rules, the legal and regulatory environment in which Luminator operates continues to grow in complexity. Business conduct that causes or allows harm to be done is more frequently being regarded as criminal in nature, and penalties are increasing. More specific guidance on avoiding or mitigating criminal penalties is now available, particularly in the "Federal Guidelines for Sentencing of Organizations" promulgated by the United States Sentencing Commission. These developments have made it prudent for Luminator to establish, from its inception, a detailed compliance policy in the form of this Code of Business Conduct (the "Code").

The Code provides general guidance to our employees and establishes a corporate-wide compliance system within which existing and new compliance programs are to be established, operated and reviewed.

II. Purpose and General Principles

The fundamental purpose of the Code is to deter business acts or omissions by employees of Luminator which may violate laws, policies or standards of business ethics, and to assure that any threatened or actual violations are detected as early as possible.

Ethical behavior is a matter of spirit and intent, as well as a matter of law. Consequently, the Code starts with these general principles:

- We have a responsibility to provide full and accurate information in our disclosures, in all material respects, about our financial condition and results of operations. Our reports and documents shall include full, fair, accurate, timely and understandable disclosure, and we have established a Disclosure Committee consisting of senior management to assist in monitoring such disclosures.

- Our principal commitment is to see no conflict between attention to profit and attention to ethics. In fact, the two should go hand in hand. We will prosper most in an environment that is fair, open and morally secure; and, as we contribute to such an environment, we will also contribute to the good health and reputation of Luminator.

- The Code builds on the ethical basics of honesty and integrity, characterized by truthfulness and freedom from deception or fraud. These qualities are unchanging, not relative, and should not vary. If we are steadfast in this belief, behavioral questions are easily answered in most situations.

- Another one of the important basics of the Code is openness. Every transaction we engage in must be correctly recorded. We should have no fear of disclosure or inspection.

- We value individual responsibility and accountability. We have a responsibility to acquire knowledge, make decisions, and use the authority given to use in the best interest of the Company.

- Change is inevitable. This means that our view of ethical behavior must be sensitive to changes in values and customs that are certain to take place over time and between cultures. This Code is a current assertion of a set of policies that will be subject to continuous refinement and updating.

- No 'code of conduct" can hope to spell out the appropriate moral conduct and ethical behavior for every situation with which we will be confronted. In the last analysis we must rely on our own common sense and good judgment. Whenever we find ourselves with a hard decision to make, we must seek counsel – from our colleagues, our management, and most importantly, our own conscience.

III. Your Role Under the Code

The Code applies to every officer, director, and employee of Luminator.

Read and Follow the Code

Your first responsibility is to read and understand the Code. Review with your supervisor any item that you do not understand.

Each officer, director and employee is expected to comply with the Code completely and at all times. The Code will be strictly enforced throughout Luminator, and violations will be dealt with immediately, including subjecting persons to corrective and/or disciplinary action such as dismissal or removal from office. Violations of the Code that involve illegal behavior will be reported to the appropriate authorities.

Each manager is responsible for assuring that the Code is understood and followed by the employees in the department which he or she manages. To ignore questionable conduct is to become part of the problem.

When in Doubt, Seek Guidance

If you have any questions about the Code which your supervisor cannot answer, you may contact members of senior management.

If you have identified a legal or ethical problem relating to your work that you wish to report, please contact your immediate supervisor. Your report will be held in confidence (except as may otherwise be required by law) to the fullest extent consistent with the legal obligation to conduct or direct an appropriate investigation and to advise the Company.

No employee shall intimidate or impose any form of retaliation on any other employee who utilizes the reporting procedures set forth in the Code for the purposes for which they are intended. More details on how to report violations or suspected violations of law or Company policy can be found under the heading Reporting Procedures presented later in this document.

Other Policies and Procedures

Many of the subjects addressed in the Code are also covered by policy statements and other compliance documents which have been, or may be, issued by Luminator. The code is intended to summarize and support, but not replace, those more specific and detailed policy statements and compliance documents. With the help of your supervisor, you are responsible for obtaining, reading, understanding and following those specified policies and compliance documents that apply to you and your job.

IV. Compliance with the Law

Standard of Compliance

Employees of Luminator must comply fully with all laws and regulations – federal, state, local and foreign - that apply to the Company's businesses. Violations of law and regulations may result in criminal and civil prosecution of the offender, responsible supervising employees, and the Company.

Each of us must be aware of the laws and regulations that apply to our job activities. Managers are expected to monitor the observance by their subordinates of applicable laws and regulations. Persons who show a propensity to engage in illegal or unethical activities will be disciplined as appropriate, including reduction or elimination of their discretionary authority or termination of employment.

It is contrary to Luminator's policy for any person to request, pressure or order an employee to act in violation of the law. If you believe that any practice raises questions as to compliance with this Code or applicable law, rule or regulation, please contact senior management.

Certain Applicable Laws

The following brief descriptions of some of the primary laws that apply to our businesses are intended to provide general guidance. More specific guidance can be obtained from separate policy material which has been, or may be issued from time to time by the Company.

Antitrust

The basic purpose of antitrust laws is to protect and provide an open economic environment for independent businesses to compete in markets free from collective or exclusionary behavior. When this objective is frustrated by concerted private action or abuse of market position, the antitrust laws are violated and our free market system is subverted. It is the policy of Luminator to observe and comply strictly with both the spirit and letter of the antitrust laws, both domestic and foreign.

Penalties for violating the United States antitrust laws can be onerous. Any individual who authorizes, orders, or participates in conduct found to violate the Sherman Act may be fined and imprisoned. Individuals found to have violated the antitrust laws have been required to serve substantial prison terms. Under the federal sentencing guidelines, a company may have to pay criminal fines of many millions of dollars as a result of an antitrust offense. A company may also be required to pay treble damages—also potentially in the many millions of dollars—to competitors and other private parties injured by its anti-competitive conduct.

The antitrust laws are complex. Because it is the Company's policy to comply strictly with these laws, you should seek the advice of senior management whenever a possible antitrust problem arises. Here are ten basic "don'ts" of antitrust:

1. *Don't ever discuss prices with competitors.*

2. *Don't agree with competitors to restrict or increase levels of production.*

3. *Don't divide customers, markets or territories with competitors.*

4. *Don't require a customer to buy products only from your operating unit unless you do so after consultation with senior management.*

5. *Don't agree with competitors to boycott suppliers or customers.*

6. *Don't offer a customer prices or terms more favorable than those offered to its competing customers unless justified and in writing) by cost savings, the need to meet competition or changed market conditions.*

7. *Don't use one product as leverage to force or induce a customer to purchase another product.*

8. *Don't forget—the federal antitrust laws apply to activities engaged in overseas markets if they affect United States commerce.*

9. *Don't prepare documents or make presentations without considering the antitrust implications.*

10. *Don't cover up any wrongdoing; report it promptly to senior management.*

Environmental Protection

It is the policy of Luminator to operate its facilities in an environmentally responsible manner, maintain a safe and healthful workplace and assure the utmost care in the manufacture, distribution and use of its products. The Company is committed to environmental excellence.

Luminator's vision is to conduct its business with a sympathetic attitude towards responsible environmental interests rather than in conflict with them. The Company recognizes that environmental matters are of the utmost importance and that environmental protection is one of the foremost responsibilities of line management.

Employees of Luminator must fully comply with this policy and diligently endeavor to comply with all applicable environmental laws and regulations.

Equal Employment Opportunity/Affirmative Action Employer

Luminator is committed to providing equal employment opportunity to all qualified persons without regard to race, color, religion, national origin, disability, gender, age, marital status or any other basis prohibited by federal, state or local law. This policy applies to all employees at all locations. Further, it is Luminator's policy to voluntarily comply with the concepts and practices of Affirmative Action.

Officers, managers and supervisors ensure that all personnel decisions, including but not limited to recruiting, hiring, compensation, promotion, demotion, transfer, termination, benefits, training and selection for training, and all other employment actions are based on merit and ability. . Complaints regarding equal opportunity in employment may be made to your immediate supervisor or to the Human Resources Department.

Every employee of Luminator is also entitled to be treated with respect and to be free of any conduct that is offensive, hostile or intimidating. Your work environment must be free from harassment, whether verbal, visual or physical, based on race, gender, religion or any other protected condition or status.

Luminator will not tolerate sexual advances, actions, comments or any other conduct that creates an intimidating or otherwise offensive work environment. Similarly, the use of racial, ethnic or religious slurs, or any other conduct that breeds an offensive work environment, will not be tolerated. Any employee of Luminator regardless of position, who is found to have acted in violation of this policy will be subject to discipline, including possible discharge.

If you have reason to believe that Luminator's policy against harassment is being violated, you have an obligation to bring the matter to the attention of your immediate supervisor or to the Human Resources Department.

Export Controls and Trade Sanctions

The products of Luminator are marketed internationally, and the Company is committed to complying with all laws – both foreign and domestic – governing the export of its products. Prior to exporting any products, appropriate export licenses must be obtained.

In addition to export controls, the U.S. maintains trade sanctions or "embargoes" against certain countries. Virtually all transactions of any type by U.S. companies with these "embargoed" countries and certain companies owned or controlled by the nationals or governments of these countries, wherever located, are prohibited. Failure to comply with any of these laws as may be relevant to our Company may result in the imposition of severe civil and criminal penalties.

Anti-boycott

U.S. law prohibits or penalizes participation in, support of or furtherance of international boycotts not sanctioned by the U.S. These laws apply to U.S. companies and their foreign subsidiaries. An example of such a boycott is the Arab boycott of Israel. Luminator shall not engage in any activities in support of such boycotts by refusing or agreeing to refuse to do business with a boycotted country or other companies because of the boycott, by providing business or discriminatory information or certifications pursuant to boycott-related requests that might appear in tenders, contracts, shipping documents, letter of credit, and other similar documents, or which may be made orally. Such requests generally are reportable to the U.S. Government. Failure to comply with these laws may result in the imposition of severe civil and criminal penalties and the loss of certain significant tax benefits on a company-wide basis.

Health and Safety

At Luminator the health and safety of our employees is a principal concern. The Company is committed to making every reasonable effort to provide our employees with a safe and healthy working environment. All employees are responsible for compliance with these policies and must perform their jobs in compliance with federal, state and local laws affecting health and safety conditions in the workplace.

Using good common sense and following safety regulations can keep accidents to a minimum. Employees who improperly or carelessly endanger themselves, other employees, or neighbors of our properties will be subject to discipline, including possible discharge.

If you are aware of any instance in which a business unit of Luminator may not be complying with health and safety laws or policies, contact your immediate supervisor or senior management.

Legal Documents

Recognize that your signature on a document may bind Luminator and its affiliates in a number of significant ways. For example, if you are in doubt of the implications of what you are signing, please consult Luminator's senior management so that a determination can be made as to what is required.

Political Contributions and Payments to Officials

All employees of Luminator must comply with the Foreign Corrupt Practices Act and other applicable laws governing political contributions and payments to officials. Typically, payments made in violation

of the Foreign Corrupt Practices Act are made to either (i) obtain or retain business or (ii) disadvantage a competitor or gain an improper advantage. Violation of such laws may be a felony and result in imprisonment and the imposition of a substantial fine on the Company.

It is Luminator's policy that Luminator Holding, L.P. shall not make any contribution or expenditure in connection with the nomination or election (including any caucus, convention or primary) of any person running for any federal political office in the United States. For purposes of this policy, the terms "contribution or "expenditure" include any direct or indirect payment, loan or gift of money, services or anything else of value for the purpose of supporting or opposing any candidate, campaign committee or organization in connection with election to federal office in the United States.

Luminator's relations with government officials must be beyond reproach. No officer, employee or agent of Luminator may offer, promise, authorize or make any payment of money or anything else of value to any domestic or foreign government official or employee for the purpose of influencing any official act or decision. This prohibition covers political parties and candidates and officials and employees of any department, agency or instrumentality of any government, including any government-owned business enterprise.

V. Corporate Ethics

Mere compliance with the law is not enough, nor can compliance be assured if employees believe they are free to operate close to the edge of illegality.

Luminator's core values include the requirement that all corporate actions be ethical, as well as humane. High ethical standards must guide us in areas where the letter of the law does not reach, and will make Luminator more than a merely law-abiding company.

While ethical standards cannot be defined as precisely as legal requirements, every employee is expected to identify ethical issues as they arise, seek advice or assistance if necessary, and to act at all times in accordance with the ethical values inherent in the Code.

Many of the ethical issues briefly discussed below are broad and complex. Conflicts of interest are a good example. No code of conduct can address all of the circumstances in which a conflict can arise between the Company and its employees, or provide all the answers. But if each employee reads and understands this Code, and exercises good judgment, common sense and caution, the sum of all our actions will be nothing less than outstanding ethical performance by the Company as a whole.

While the issues discussed below are primarily ethical in nature, some of the prohibited acts can also generate legal liability. Employees are expected to consult with their supervisors and Company counsel as necessary to avoid legal problems.

Accuracy of Books and Records; Record Retention

Every employee of Luminator routinely records information of some kind which is used for business purposes. You must record and report all information accurately and honestly and in no event should you instruct any other employee to record or report inaccurate information. Any employee who falsifies or tampers with records, or authorizes such conduct, will be subject to discipline, including possible discharge. Records must be retained consistent with the Company's document retention policy and federal, state and local laws.

Fair Dealing

Each employee of Luminator should endeavor to deal fairly with customers, suppliers, competitors, the public and one another at all times and in accordance with ethical business practices. No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

Employees of Luminator may not under any circumstances accept or pay bribes, kickbacks or other similar remuneration. Accepting or paying bribes or kickbacks may be a crime punishable by imprisonment and could subject you and the Company to criminal proceedings. To avoid even the appearance of impropriety, you should not engage in transactions, from which you or your family may personally benefit, with customers or suppliers with whom you have direct authority and decision-making power to transact business.

Company Assets

Protecting Luminator's assets against loss, theft or other misuse is the responsibility of every employee. Loss, theft and misuse of such assets, including trademarks and other intellectual property, directly impact our profitability. Any suspected loss, misuse or theft should be reported to senior management.

Your work hours should be devoted to activities directly related to the business of our Company. You may not perform personal or outside work or solicit such business on the work premises or during work hours. Do not abuse the use of Company phones, and do not let personal calls interfere with your work.

The property of Luminator – whether it be money, supplies, tools, office equipment, use of networks, e-mail systems, other electronics and communication facilities or vehicles – may be used only for conducting Company business. The only exception to this conduct will be for authorized personal use which must be kept to a minimum, must not interfere with your work, and must not have any significant cost to the Company. Unless you have proper authority, you may not take, sell, give away or loan any Company property under any circumstances. Always use Company property in a manner that appropriately protects it from loss, theft or damage.

If you are required to spend or commit Company money, or incur expenses for which the Company will reimburse you, make sure Luminator gets fair value for the money spent and that all expenses are reasonable and documented. To seek reimbursement for meals not eaten, miles not driven, airline tickets not used or for any other expense not actually incurred is dishonest and a violation of the Code and will result in disciplinary action, including possible discharge.

Loyalty and Conflicts of Interest

Our employees have an obligation to act in the best interest of the Company. All employees, officers and directors should endeavor to avoid situations that present a potential or actual conflict between their interest and the interest of the Company.

You may not directly or indirectly (as a director, officer, partner, employee, agent or stockholder of another company) compete with the Company. You may not directly or indirectly speculate or deal in or buy or sell materials, products or commodities customarily produced or traded by the Company. You also may not directly or indirectly furnish any service to the Company as an independent contractor unless approved in writing by Luminator's President. This prohibition is not intended to prevent an employee from owning a stock interest of less than one percent in another company, the stock of which is traded on a securities exchange or actively traded in the over-the-counter market.

Employees may not, without written approval from the President of Luminator, serve as officers or directors of another corporation, industry or trade organization or other entity. This prohibition, however, is not intended to apply to civic, charitable, educational or club groups organized other than for profit, residential cooperative or condominium entities (not owned or controlled by Luminator) or to corporations owned by the employee's family.

Business decisions regarding suppliers must be made on the basis of the quality, value and reliability of the product or service being offered. The following actions are considered to be a conflict of interest.

1. Gifts: Employees may not solicit or accept favors or gratuities from suppliers or customers as a condition of doing business with Luminator.
2. Outside Salaries and Commissions: Employees may not solicit, borrow money or accept salaries, fees, commissions, advances or other personal payments or gifts or entertainment from any person or company doing business with Luminator.
3. Personal Financial Interest: Employees may not have direct or indirect financial interest in suppliers, customers, or competitors of the Company except for ownership of a non-controlling amount of stock in a public company.

The above prohibitions are not intended to prevent an employee from borrowing money from commercial banks or from accepting minor amenities, such as holiday gifts valued at less than $50 per year. Company officials at the Director level and higher may authorize subordinates to accept or participate in reasonable entertainment provided by a person or firm with which the Company does or seeks to do business, when appropriate, and in the Company's interest. Entertainment may not be so frequent or excessive as to raise any question of propriety. Entertainment valued at greater than $100 in any quarter requires the additional approval of Luminator's President.

If you are uncertain about entering into a transaction or taking any action that may not be in the interest of our Company or compatible with the loyalty obligation inherent in your employment, you must first contact Company counsel.

Proprietary Information

Proprietary or confidential information you develop as part of your job is the property of Luminator. It must be protected because unauthorized disclosure of it could destroy its value to the Company and give unfair advantage to others. In addition, all rights, title and interest in any intellectual properties you may develop, in whole or in part, during your term of employment is the property of Luminator. Every employee must sign an agreement covering the assignment of intellectual properties to Luminator and the maintenance in confidence of all proprietary information (both technical and commercial) of Luminator.

Proprietary information includes all non-public information that might be useful to competitors or that could be harmful to the Company, its customers or its suppliers if disclosed. This includes trade secrets as well as sensitive, confidential or classified technical, financial, personnel or business information. It includes records, practices, letters, plans, drawings and computer programs. It may concern new projects, manufacturing processes, accounting data, marketing plans, customer and supplier information, long-range plans, economic projections or other Company matters. Proprietary information may also include proprietary information belonging to another company which Luminator has agreed to protect.

You must not misuse any proprietary or confidential information or disclose such information to other employees except on a strict need-to-know basis or to non-employees of Luminator except for outside counsel, agents and accountants rendering services to the Company who need to receive such information.

This prohibition applies to discussions with family members and friends, who might innocently or inadvertently pass the information on to someone else.

If you leave the employment of Luminator for any reason, including retirement, you have a continuing obligation not to disclose or misuse the Company's proprietary information. At the conclusion of your employment, you must return all Company documents and records, including any copies.

Public Statements

The goal of corporate communications at Luminator is to tell the truth to the government, our customers, suppliers, owners, to the press and to each other. There are serious civil and criminal penalties associated with making false, fraudulent or misleading statements to the government and others with whom we communicate. All corporate communications, written or oral, must be accurate with no material omissions.

The term "corporate communications" includes advertisements and sales promotion materials, business correspondence, external financial statements, government filings and reports, newsletters and news releases. Because even an unintentional mistake may jeopardize a relationship with a government agency or customer or create a suspicion about the integrity of the Company, employees must prepare all communications carefully and accurately.

If someone outside the Company asks you questions about your company, do not attempt to answer them unless you are certain that you are authorized to do so. If you are not authorized, refer the person to an appropriate source within Luminator or contact your immediate supervisor. If you receive a request for information or for an interview with a government official or an attorney representing a private party relating to your work, immediately contact your supervisor. Similarly, unless you are authorized to do so, contact your supervisor before speaking to the press.

In the event your function is affected by a catastrophe by way of property damage, product recall or generally adverse or even positive publicity which will receive regional or national attention, you are to provide immediate notice to an executive officer so that anticipated publicity can be properly handled by Luminator's public and investor relations executives.

Substance Abuse and Weapons

Luminator requires a drug-and-weapon-free workplace at all Company locations. Employees, in fulfilling their job responsibilities must maintain unimpaired judgment during assigned work hours. Possession, use or sale of illegal drugs (for example, marijuana, cocaine and prescription drugs not prescribed by a physician) or of any weapon or firearm at work will not be tolerated and is grounds for dismissal. Consumption of alcohol on the work premises is not permitted unless specifically authorized. In addition, employees may not be on any Company premises if they are under the influence of or affected by illegal drugs or alcohol.

Subject to applicable law, local drug testing procedures may be in place at some facilities. Luminator's policies regarding testing, possession and use of drugs and alcohol should be understood and followed.

VI. Procedures

Dissemination and Enforcement of the Code

Copies of this document will be distributed to present employees, and new employees will receive a copy in the course of their orientation.

All investigations arising under the Code will be conducted by or under the direction of Luminator's senior management. Any employee who violates the Code or who obstructs or impedes any investigation or attempts to conceal or destroy documents or other items of evidence will be subject to disciplines up to and including termination of employment, and may face civil litigation and criminal penalties.

Reporting Procedures

Each employee should report what he or she believes in good faith to be a violation of the laws, rules, regulations or this Code, whether accidental or deliberate, to his or her immediate supervisor. If you require an alternative means of reporting a violation of law or Company policy, you may directly contact Luminator's senior management. Any such concerns regarding the President or any senior financial officer shall be reported to Levine Leichtman Capital Partners (LLCP).. Your report will be held in confidence (except as may be otherwise required by law) to the fullest extent consistent with the Company's obligation to conduct or direct an appropriate investigation. An anonymous report should provide enough information about the incident or situation to allow the Company to investigate properly. If concerns or complaints require confidentiality, including keeping an identity anonymous, we will endeavor to protect this confidentiality, subject to applicable law, regulation or legal proceedings.

It is better to err on the side of reporting than to let a possible violation go unreported. A knowing failure to report is itself a violation of this Code. Employees will not be disciplined for reporting in good faith an actual or suspected violation of law or Company policy. Penalties for both the wrongdoers and the Company are likely to be less severe if the responsible employees come forward early.

Upon learning of a credible suspected violation of law or Company policy, supervisors must immediately communicate the employee's report to senior management.

Finally, Luminator will not tolerate any direct or indirect retaliation against employees who report in good faith actual or suspected violations of law or Company policy, and will discipline any supervisor or other employee found to have engaged in any such retaliation. Any employee who believes that he or she has been subjected to retaliation should contact Luminator's senior management immediately.

Conclusion

This Code of Conduct should not be viewed as defining the precise limits of what is expected. Situations will undoubtedly arise which are not specifically mentioned in this Code. Hopefully, the general guidelines and examples presented will help you address those matters or to raise a question in your mind so that you will seek guidance on how to proceed.

Remember, if in doubt, ask....

PASSENGER TRANSIT

SECTION B
PART B TECHNICAL PROPOSAL AND STATEMENTS AND CERTIFICATIONS REGARDING ELIGIBILITY

QUALIFICATIONS AND CERTIFICATIONS

NOTE: The Authority reserves the right to audit compliance with respect to each of the required statements and certifications in the forms submitted by Offerors, including but not limited to the Domestic U.S. Content Certification, Domestic U.S. Content Worksheet, and Final Assembly of Production (Non-Pilot) Vehicles in Massachusetts.

Questions Concerning Eligibility

Provide short answers (and attach relevant documents) to the following questions and requests:

1. Attach relevant Certificate of Good Standing from the Secretary of State of the Commonwealth of Massachusetts. In the event Westinghouse Air Brake Technologies Corporation ("Wabtec") is awarded a Contract as a result of this proposal, Wabtec will immediately register to do business in Massachusetts as a foreign corporation
2. Provide the names and telephone numbers of all business owners, shareholders if not a publicly held corporation, and/or members if a limited liability company.
   Publicly Traded, WAB NYSE
3. Provide the names, title and telephone numbers of all officers.
   Please see Attached Appendix II
4. Has the business or an owner or shareholder of the business ever had a prior contractual relationship with the MBTA? If yes, please describe relationship.
   MotivePower Division of Wabtec- Wabtec Pasenger Transit sister division
5. Has the business or an owner or shareholder of the business ever been in default of any obligations under a contract with the MBTA, any other Massachusetts state agency or any federal agency? If yes, please describe the circumstances. Please indicate whether it resulted in a termination for cause. No
6. Have any of the business owners, shareholders, or officers every been convicted of felony violations of Federal, state or local laws? If yes, please describe the circumstances.
   No
7. Are there any pending recent law suits against the business or any of its owners or shareholders? If yes, please describe the circumstances. No
8. Provide the name, address, account number, contact person and telephone number of the insurance agent responsible for procuring insurance required by the Solicitation Documents.
   Please see Westinghouse Air Brake Technologies filings with the SEC for all corporate related information including legal and Financial
9. Provide the name, address, contact person and telephone of three business credit references, including but not limited to your primary banking institution.
   Please see Attached Appendix III
10. Has the business or any of the business's owners or shareholders ever filed for bankruptcy or invoked insolvency proceedings under state law? No

11. Provide the last three (3) years of audited financial statements, or reasonable equivalent of the Offeror. If the Offeror is a joint venture or other combination of business entities, provide the last three (3) years audited financial statements for each entity.

Please see Westinghouse Air Brake Technologies filings with the SEC for all Financial information

12. Provide the business's current code of business ethics or equivalent.

Please see Attached Appendix I

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION

Officer	Title	Telephone Number
Albert J. Neupaver	Chief Operating Officer	1+412/825-1000
Raymond T. Betler	President & Chief Operating Officer	1+412/825-1000
Alvaro Garcia-Tunon	Executive Vice President & Chief Financial Officer	1+412/825-1000
David J. Meyer	Vice President – Group Executive - Transit	1+412/825-1000
Robert Dezzi	Vice President/General Manager – Transit	1+864/433-6475
Patrick D. Dugan	Senior Vice President – Finance	1+412/825-1000
Scott Wahlstrom	Senior Vice President – Human Resourses	1+412/825-1000

Wabtec
PASSENGER TRANSIT

P.O. BOX 11
SPARTANBURG, S.C. 29304-0011
PHONE (864) 433-5900
FAX (864) 433-6338

CREDIT FACT SHEET

A/P MAILING ADDRESS:
P. O. BOX 3330
SPARTANBURG, SC 29304-3330
WPT_AP@WABTEC.COM

PHYSICAL BUSINESS LOCATION:
130 RIDGEVIEW CIRCLE
RIDGEVIEW CENTER, RT. 290
DUNCAN, SC 29334

DELIVER TO LOCATION:
ROGERS ROAD
DUNCAN, SC 29334

DIVISION OF:
WABTEC
STATION STREET
WILMERDING, PA 15148

TAX EXEMPT NUMBER:
1680293-000 (19) SOUTH CAROLINA

FEDERAL TAX ID NUMBER:
25-1615902

DUNS NUMBER:
61-292-6675

TYPE OF BUSINESS:
MANUFACTURER OF PASSENGER TRANSIT
RAILROAD EQUIPMENT

DIVISIONAL ANNUAL SALES:
EST. $100 MILLION

BANK REFERENCE:
JPMorgan Chase Bank, N.A.
Marie Cottino
277 Park Ave, 22nd floor
New York, NY 10172
Tele 212-622-0689 / Fax 866-231-9431

BANK REFERENCE:
(LOCAL)
BB&T
Jennifer Edwards
2075 E. Main Street
Duncan, SC 29334
864-949-2018

TRADE REFERENCES:
NANNEY & SON INC
205 AIR DEPOT ROAD EAST
GLENCOE, AL 35905
256-492-2910

FORREST MACHINE
P.O. BOX 2137
MANSFIELD, OH 44905
419-589-3774

SUPERIOR TOOL INC
P.O. BOX 429
PICKENS, SC 29671
864-868-9450

Wabtec Corporation 1001 Air Brake Avenue, Wilmerding, PA. 15148	**SUBJECT** Section One — Business Conduct 1.3 Code of Business Conduct and Ethics
Policy/Procedure	

WABTEC CODE OF BUSINESS CONDUCT and ETHICS

Westinghouse Air Brake Technologies Corporation ("Wabtec" or "Company") was originally formed as Westinghouse Air Brake in 1869 by George Westinghouse and over the years has grown through mergers and acquisitions to become an international corporation with operations, customers, and suppliers around the world. As a global provider of value-added, technology-based products and services for the rail industry we are proud of our commitment to ethical, respectful and lawful business and working relationships. To ensure we maintain the highest level of ethical and legal standards management has established this Code of Business Conduct and Ethics and other specific Company policies and internal controls to provide you with guidance regarding your job responsibilities. As an integral member of Wabtec, everyone is expected to observe the highest standards of professionalism and to adhere to Company policies / procedures, internal controls and applicable laws at all times.

APPLICABILITY

This Code of Business Conduct and Ethics Policy ("Policy") applies to all Wabtec directors, officers and employees, including individuals employed at domestic and foreign subsidiaries and joint ventures controlled by the Company; and where necessary and appropriate, to any outside party who acts on behalf of the Company.

As part of a global company, you must comply with all laws, regulations and Company policies that govern your work. Laws and regulations may differ, depending on the country or state in which Wabtec operates. Because Wabtec is a company based in the United States, some United States laws apply to subsidiaries and joint ventures located in foreign jurisdictions. However, Company policies and the standards of professionalism and ethics apply to everyone. No excuse or pressure justifies breaking the law or these standards. Do not use a consultant, representative or contractor to break the law or circumvent Company policies. In some countries, certain conduct is banned, but the ban is currently not enforced. This does not excuse any illegal or unethical action.

Wabtec has specific policies and procedures on a broad range of business issues, and, while this Policy may provide summary guidance for particular subjects, this does not alleviate your responsibility to review and adhere to other specific policies. This Policy is designed to assist you with making the best ethical decision regarding possible "gray areas" that may not be expressly addressed by a particular policy or procedure. This Policy is also designed to answer questions that you may have regarding interactions with each other, our customers, our suppliers and our communities. Abiding by this Policy and other Wabtec policies and avoiding even the appearance of impropriety is essential to Wabtec's mission of maintaining the highest standards of business ethics.

Wabtec CORPORATION Wabtec Corporation 1001 Air Brake Avenue, Wilmerding, PA. 15148	SUBJECT Section One — Business Conduct 1.3 Code of Business Conduct and Ethics	
Policy/Procedure		

ETHICS COMPLIANCE OFFICER

The Company has appointed **Scott E. Wahlstrom** as the **Ethics Compliance Officer** to administer this Policy. The Company has developed a comprehensive program for implementing this Policy through appropriate guidance, training, certifications, oversight monitoring and investigations. The Ethics Compliance Officer is responsible for: (1) giving advice on the interpretation and application of this Policy; (2) supporting training and education; (3) monitoring compliance with the Policy; (4) responding to inquiries and investigating reported concerns; and (5) providing periodic reporting to the Company's Board of Directors.

Contact Information for the Ethics Compliance Officer
Scott E. Wahlstrom
(412) 825-1418 or swahlstrom@wabtec.com
Also see below the "Reporting of a Violation of this Policy or a Violation of any Law, Rule or Regulation" section of this Policy for procedures to immediately report a concern to Wabtec's Hotline

CONFLICTS OF INTEREST

A conflict of interest exists when your personal interests or activities, or those of a family member, influence or interfere with the obligation to perform your job in the best interest of Wabtec. If you or someone closely associated with you may gain personally from Wabtec activity, then you should consider whether there is a conflict. Therefore you should avoid situations that might interfere, or appear to interfere, with your obligations to Wabtec. It is impractical to describe all of these situations in which conflicts may arise, but examples include: business or investment interests, outside employment or gifts from customers, suppliers or vendors. It is your responsibility to promptly disclose any situation that may be, or even appear to be, a conflict of interest.

CORPORATE OPPORTUNITIES

You are prohibited from taking personal advantage of opportunities that arise from the use of corporate property, information or position or from using any of these for personal gain. You have a duty to advance the legitimate business interests of Wabtec whenever possible.

FINANCIAL INTEREST AND OUTSIDE ACTIVITIES

You may invest in publicly traded securities of firms with which Wabtec conducts business, so long as you have no material inside information and the investment is not large enough to affect any business activities or raise an appearance of impropriety. You or your family may not have a financial interest in a non-publicly traded corporation, partnership, or other firm with which Wabtec conducts or is likely to conduct business unless you have obtained the written approval of the Ethics Compliance Officer. Depending on the specific circumstances, it may be appropriate for you to sell or otherwise give up your interest. If you are unsure about the situation, contact the Ethics Compliance Officer.

You are prohibited from competing with Wabtec and may accept remuneration from others only if they are not an actual or potential competitor of Wabtec, do not have an actual or significant business relationship with Wabtec, and if your activities do not interfere with or adversely influence your performance at Wabtec. Similarly, you must end your activities if and when, in the future, these activities constitute competition to Wabtec or become related to the operations of Wabtec. Further, outside activities may not be conducted from Wabtec facilities or involve the use of Wabtec time, equipment, supplies or other resources.

Wabtec Corporation 1001 Air Brake Avenue, Wilmerding, PA. 15148	**SUBJECT** Section One — Business Conduct 1.3 Code of Business Conduct and Ethics
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INSIDER TRADING

Both ethical standards and United States securities law and laws of several countries prohibit you from using material, non-public information when trading or recommending the trading of securities of Wabtec or its customers, suppliers or other corporations with which Wabtec has contractual relationships or may be negotiating transactions. Such material insider information includes any knowledge you may have about dividend changes, earnings estimates, significant changes in operations, upcoming mergers or acquisitions, major litigation, new discoveries, products, and services, and any other information which could influence a person to sell, buy or otherwise trade in a company's securities. If you have material insider information, you must not buy, sell, or recommend a transaction involving a company's securities until after the company has made the information public. Violating this law can lead to significant civil and criminal penalties in the United States and elsewhere, where similar laws have been adopted.

DIVERSITY AND EQUAL OPPORTUNITY

Wabtec's future depends on its ability to attract and retain the best people at all levels of the Company. To do so, Wabtec must establish and foster an environment that embraces individual differences and encourages everyone to attain their full potential. Wabtec policies and practices strive to assure equal employment and advancement opportunities for all qualified people. Wabtec will maintain appropriate standards of conduct in the workplace and will always be sensitive to the concerns of everyone associated with the Company. Harassment for any reason is inconsistent with Wabtec's Code of Business Conduct and Ethics and will not be tolerated.

CORPORATE PROPERTY AND ASSETS

Wabtec is committed to protect its assets, including its intellectual property, resources, confidential information and good name. All Wabtec assets should be used for legitimate business purposes only. Theft, carelessness, unauthorized disclosure and misuses all have a direct impact of Wabtec's effectiveness and profitability and will not be tolerated.

CONFIDENTIAL INFORMATION / ELECTRONIC INFORMATION

You may have access to information that is confidential or proprietary to Wabtec, including intellectual property, trade secrets, customer lists, pricing, financial information, strategic plans and product development. Confidential information should only be disclosed internally and on a "need to know" basis. You should not use confidential information for your own benefit or for the benefit of others, either during or after your employment. Outside Wabtec, you may reveal confidential information and other intellectual property only for valid, approved business purposes, or when required to do so by law, subpoena, or other legal or administrative process that compels disclosure. Even then you may only do so with proper legal protection to maintain the confidentiality and protection of the information. In these cases, you must obtain prior written approval of Wabtec's Legal Department.

In addition, it is important for you to prevent misuse, disclosure, or destruction (other than in accordance with the appropriate record retention policy) of the information entrusted to you by the Company or its customers, or for which you are otherwise responsible. This information may be in printed, electronic or other format. In handling the Company's information or information owned by a third party and/or licensed by the Company, you should comply with copyright laws, computer software licensing agreements and relevant Company policy. Wabtec's Legal Department and Corporate Information Technology Department can provide advice and assistance in protecting this information in accordance with our policies and procedures.

Wabtec Corporation 1001 Air Brake Avenue, Wilmerding, PA. 15148	**SUBJECT** Section One — Business Conduct 1.3 Code of Business Conduct and Ethics
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RELATIONSHIPS WITH SUPPLIERS AND VENDORS

You have an affirmative duty to conduct business fairly and lawfully within Wabtec and with our suppliers and vendors. You are required to give all suppliers and vendors fair and uniform consideration by making decisions based on objective criteria, such as competitive pricing, delivery, quality, reliability and service.

You may not accept gifts, loans, or any other favors from anyone who is, or wishes to conduct business with Wabtec. The only exceptions are inexpensive gifts having a nominal value of about $100 USD (see below in the Gifts and Hospitality Section). You may accept occasional business meals and entertainment, provided they are not lavish, excessive, or of a nature which might create the appearance of impropriety or influence the business decision of the recipient.

If you wish to conduct business on behalf of Wabtec with an immediate family member, another relative or with a business where you or a relative is an officer, director, or principal, you must first disclose the relationship and obtain prior written approval of the Ethics Compliance Officer.

ANTITRUST / COMPETITION LAWS

Wabtec is committed to fair and open competition in the markets it serves around the world and competes independently in the marketplace in compliance with the laws of the United States and other countries. You cannot engage in any understandings or agreements with competitors to restrain trade and must avoid the appearance of such conduct. Examples of antitrust violations are: (1) price fixing; (2) bid rigging; (3) collusion to allocate markets, customers or production; and (4) group boycotts. You must be particularly aware of these prohibitions and should exercise due care in situations where competitors may be present to avoid violating these laws.

SANCTIONS AND TRADE EMBARGOES

The United States government uses economic sanctions and trade embargoes to further foreign policy and national security objectives. You must abide by all sanctions and embargoes that may be in effect. Also, you cannot comply with a boycott imposed by a foreign country against a country friendly to the United States. Consult Wabtec's Legal Department if you have a question as to whether a particular transaction is subject to a sanction or embargo or if you are asked to comply with a foreign boycott.

IMPROPER PAYMENTS

You may not offer or accept anything of value to improperly influence any person in a business relationship with Wabtec. Such improper payments include, but are not limited to, bribes, kickbacks, or loans to or from any person with whom you conduct business on behalf of Wabtec. Likewise, neither you nor any immediate family member should offer, or accept cash, gifts, or favors from vendors, lessors, customers or competitors.

This prohibition on improper payments extends to government officials, commercial entities and, as such, it generally is expressly prohibited to give or offer to give, either directly or through an agent or intermediary, anything of value in order to obtain, retain, or maintain business. For further clarification on this prohibition the Company has enacted the Anti-Bribery / Anti-Corruption Policy.

GIFTS AND HOSPITALITY

This Policy allows for the provision of business-related meals and events, ordinary business courtesies, and nominal gifts when generally considered to be accepted industry practice. However, any gift or hospitality must: (1) be modest in value (with consideration of the nature, country, location of the gift and/or where it is given or received, and typically should not exceed $100 USD in value); (2) never be in cash or similar form; (3) be in good taste and appropriate for the occasion; (4) be promotional in nature and imprinted with a company logo (if applicable); (5) be given or accepted in good faith without improperly influencing (or appearing to influence) or rewarding the recipient; and (6) be allowable under local law.

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There are additional rules pertaining to the giving/receiving of a gift or the offering/accepting of hospitality which are further explained in the Anti-Bribery / Anti-Corruption Policy.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Wabtec supports your rights to participate in the political process. However, such activities must be carried out on your own time and at your own expense. The laws of the United States and other jurisdictions prohibit or restrict the ability of Wabtec to provide corporate funds in support of political campaigns. Therefore, corporate funds are not to be utilized to support political campaigns.

Likewise, Wabtec supports everyone's desire to contribute to charitable organizations utilizing their own time and resources. Wabtec resources may be contributed to a particular charitable organization with the prior written authorization of the Ethics Compliance Officer for any contribution exceeding $2000 USD. Charitable contributions of less than $2000 USD may be authorized at the local business unit level in conformance with Wabtec's Delegation of Authority.

There are additional rules pertaining to contributions to charitable organizations when government officials or commercial entities may be involved. These rules are further explained in the Anti-Bribery / Anti-Corruption Policy.

BOOKS AND RECORDS / INTERNAL CONTROLS / RECORD-KEEPING

All Wabtec books, records, accounts and financial statements must be maintained in reasonable detail to clearly and accurately represent the facts of the underlying matter in all material respects. Transactions must be recorded accurately and fairly to reflect the activities of Wabtec and comply with Wabtec's internal control procedures and applicable legal and accounting standards. Specifically, Wabtec records must properly account for all assets and liabilities, properly document all business expenditures including travel, and accurately reflect the business of Wabtec. You must not prepare, accept, approve or transmit records that intentionally or otherwise falsify or misrepresent the true nature of the transactions.

Wabtec has established accounting and other internal control standards and procedures to ensure that all Wabtec assets are protected and properly used and that financial records are accurate and reliable. Everyone shares the responsibility for maintaining and complying with required internal controls and ensuring that Wabtec assets are not misused.

Wabtec's record-retention policies are established in compliance with United States regulations and laws. Where local requirements and laws differ from those of the United States, records must be retained for the longer of Company policy or local requirements.

PROCEDURES FOR THE RECEIPT, RETENTION AND TREATMENT OF COMPLAINTS

The Audit Committee of Wabtec has established procedures for the receipt, retention and treatment of complaints received regarding improprieties relating to accounting, internal accounting controls or auditing matters and confidential, anonymous submission of complaints by employees of concerns regarding questionable accounting or auditing matters. Complaints regarding such matters should be sent to the **Ethics Compliance Officer** or by contacting Wabtec's **Ethics and Compliance Hotline** as described more fully below in the section entitled **"Reporting of a Violation of This Policy or a Violation of Any Law, Rule or Regulation".**

RESPONSIBILITIES

In addition to complying with this Policy, you should also familiarize yourself with Wabtec's Policy/Procedure Manual and report any suspected policy violations. There will be no retaliation for good-faith reports of suspected Policy violations and all reports will be addressed as confidentially as possible.

While this Policy applies to everyone, managerial and supervisory employees have a special duty to lead by example, to ensure that those whom they supervise are complying with the Policy and to respond promptly, appropriately and effectively to all alleged violations of the Policy.

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WABTEC CODE OF BUSINESS CONDUCT and ETHICS

Westinghouse Air Brake Technologies Corporation ("Wabtec" or "Company") was originally formed as Westinghouse Air Brake in 1869 by George Westinghouse and over the years has grown through mergers and acquisitions to become an international corporation with operations, customers, and suppliers around the world. As a global provider of value-added, technology-based products and services for the rail industry we are proud of our commitment to ethical, respectful and lawful business and working relationships. To ensure we maintain the highest level of ethical and legal standards management has established this Code of Business Conduct and Ethics and other specific Company policies and internal controls to provide you with guidance regarding your job responsibilities. As an integral member of Wabtec, everyone is expected to observe the highest standards of professionalism and to adhere to Company policies / procedures, internal controls and applicable laws at all times.

APPLICABILITY

This Code of Business Conduct and Ethics Policy ("Policy") applies to all Wabtec directors, officers and employees, including individuals employed at domestic and foreign subsidiaries and joint ventures controlled by the Company; and where necessary and appropriate, to any outside party who acts on behalf of the Company.

As part of a global company, you must comply with all laws, regulations and Company policies that govern your work. Laws and regulations may differ, depending on the country or state in which Wabtec operates. Because Wabtec is a company based in the United States, some United States laws apply to subsidiaries and joint ventures located in foreign jurisdictions. However, Company policies and the standards of professionalism and ethics apply to everyone. No excuse or pressure justifies breaking the law or these standards. Do not use a consultant, representative or contractor to break the law or circumvent Company policies. In some countries, certain conduct is banned, but the ban is currently not enforced. This does not excuse any illegal or unethical action.

Wabtec has specific policies and procedures on a broad range of business issues, and, while this Policy may provide summary guidance for particular subjects, this does not alleviate your responsibility to review and adhere to other specific policies. This Policy is designed to assist you with making the best ethical decision regarding possible "gray areas" that may not be expressly addressed by a particular policy or procedure. This Policy is also designed to answer questions that you may have regarding interactions with each other, our customers, our suppliers and our communities. Abiding by this Policy and other Wabtec policies and avoiding even the appearance of impropriety is essential to Wabtec's mission of maintaining the highest standards of business ethics.

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ETHICS COMPLIANCE OFFICER

The Company has appointed **Scott E. Wahlstrom** as the **Ethics Compliance Officer** to administer this Policy. The Company has developed a comprehensive program for implementing this Policy through appropriate guidance, training, certifications, oversight monitoring and investigations. The Ethics Compliance Officer is responsible for: (1) giving advice on the interpretation and application of this Policy; (2) supporting training and education; (3) monitoring compliance with the Policy; (4) responding to inquiries and investigating reported concerns; and (5) providing periodic reporting to the Company's Board of Directors.

Contact Information for the Ethics Compliance Officer
Scott E. Wahlstrom
(412) 825-1418 or swahlstrom@wabtec.com
Also see below the "Reporting of a Violation of this Policy or a Violation of any Law, Rule or Regulation" section of this Policy for procedures to immediately report a concern to Wabtec's Hotline

CONFLICTS OF INTEREST

A conflict of interest exists when your personal interests or activities, or those of a family member, influence or interfere with the obligation to perform your job in the best interest of Wabtec. If you or someone closely associated with you may gain personally from Wabtec activity, then you should consider whether there is a conflict. Therefore you should avoid situations that might interfere, or appear to interfere, with your obligations to Wabtec. It is impractical to describe all of these situations in which conflicts may arise, but examples include: business or investment interests, outside employment or gifts from customers, suppliers or vendors. It is your responsibility to promptly disclose any situation that may be, or even appear to be, a conflict of interest.

CORPORATE OPPORTUNITIES

You are prohibited from taking personal advantage of opportunities that arise from the use of corporate property, information or position or from using any of these for personal gain. You have a duty to advance the legitimate business interests of Wabtec whenever possible.

FINANCIAL INTEREST AND OUTSIDE ACTIVITIES

You may invest in publicly traded securities of firms with which Wabtec conducts business, so long as you have no material inside information and the investment is not large enough to affect any business activities or raise an appearance of impropriety. You or your family may not have a financial interest in a non-publicly traded corporation, partnership, or other firm with which Wabtec conducts or is likely to conduct business unless you have obtained the written approval of the Ethics Compliance Officer. Depending on the specific circumstances, it may be appropriate for you to sell or otherwise give up your interest. If you are unsure about the situation, contact the Ethics Compliance Officer.

You are prohibited from competing with Wabtec and may accept remuneration from others only if they are not an actual or potential competitor of Wabtec, do not have an actual or significant business relationship with Wabtec, and if your activities do not interfere with or adversely influence your performance at Wabtec. Similarly, you must end your activities if and when, in the future, these activities constitute competition to Wabtec or become related to the operations of Wabtec. Further, outside activities may not be conducted from Wabtec facilities or involve the use of Wabtec time, equipment, supplies or other resources.

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Likewise, Wabtec supports everyone's desire to contribute to charitable organizations utilizing their own time and resources. Wabtec resources may be contributed to a particular charitable organization with the prior written authorization of the Ethics Compliance Officer for any contribution exceeding $2000 USD. Charitable contributions of less than $2000 USD may be authorized at the local business unit level in conformance with Wabtec's Delegation of Authority.

There are additional rules pertaining to contributions to charitable organizations when government officials or commercial entities may be involved. These rules are further explained in the Anti-Bribery / Anti-Corruption Policy.

BOOKS AND RECORDS / INTERNAL CONTROLS / RECORD-KEEPING

All Wabtec books, records, accounts and financial statements must be maintained in reasonable detail to clearly and accurately represent the facts of the underlying matter in all material respects. Transactions must be recorded accurately and fairly to reflect the activities of Wabtec and comply with Wabtec's internal control procedures and applicable legal and accounting standards. Specifically, Wabtec records must properly account for all assets and liabilities, properly document all business expenditures including travel, and accurately reflect the business of Wabtec. You must not prepare, accept, approve or transmit records that intentionally or otherwise falsify or misrepresent the true nature of the transactions.

Wabtec has established accounting and other internal control standards and procedures to ensure that all Wabtec assets are protected and properly used and that financial records are accurate and reliable. Everyone shares the responsibility for maintaining and complying with required internal controls and ensuring that Wabtec assets are not misused.

Wabtec's record-retention policies are established in compliance with United States regulations and laws. Where local requirements and laws differ from those of the United States, records must be retained for the longer of Company policy or local requirements.

PROCEDURES FOR THE RECEIPT, RETENTION AND TREATMENT OF COMPLAINTS

The Audit Committee of Wabtec has established procedures for the receipt, retention and treatment of complaints received regarding improprieties relating to accounting, internal accounting controls or auditing matters and confidential, anonymous submission of complaints by employees of concerns regarding questionable accounting or auditing matters. Complaints regarding such matters should be sent to the **Ethics Compliance Officer** or by contacting Wabtec's **Ethics and Compliance Hotline** as described more fully below in the section entitled **"Reporting of a Violation of This Policy or a Violation of Any Law, Rule or Regulation".**

RESPONSIBILITIES

In addition to complying with this Policy, you should also familiarize yourself with Wabtec's Policy/Procedure Manual and report any suspected policy violations. There will be no retaliation for good-faith reports of suspected Policy violations and all reports will be addressed as confidentially as possible.

While this Policy applies to everyone, managerial and supervisory employees have a special duty to lead by example, to ensure that those whom they supervise are complying with the Policy and to respond promptly, appropriately and effectively to all alleged violations of the Policy.

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CONSEQUENCES OF POLICY VIOLATIONS

Violations of this Policy, unethical conduct and illegal acts are all forbidden and may result in discipline, including termination of employment, or criminal and/or civil prosecution.

Wabtec Corporation 1001 Air Brake Avenue, Wilmerding, PA. 15148	SUBJECT Section One — Business Conduct 1.3 Code of Business Conduct and Ethics
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REPORTING OF A VIOLATION OF THIS POLICY OR A VIOLATION OF ANY LAW, RULE OR REGULATION

The Company has appointed the **Ethics Compliance Officer** to ensure compliance and investigate suspected Policy violations. Everyone is encouraged to raise questions or report any suspected violations without fear of retaliatory action. Each question or suspected violation will be treated with confidentiality and the highest degree of respect, and the individual may remain anonymous if they desire. If you have questions regarding this Policy or appropriate action in a particular circumstance, immediately contact the **Ethics Compliance Officer, Scott E. Wahlstrom at (412) 825-1418 or swahlstrom@wabtec.com** .

If you do not feel comfortable contacting management directly you may also raise concerns or report suspected Policy violations by contacting Wabtec's confidential **Ethics and Compliance Hotline** utilizing one of the following options:

- **Toll-Free Hotline (U.S. /Canada – English Speaking):** **877-860-1054**
- **Toll-Free Hotline (U.S. /Canada – Non English Speaking):** **888-273-6085**
- **Toll-Free Hotline (Outside the U.S. and Canada):** **See Attachment "A"**
- **Secure web reporting at:** **www.tnwinc.com/wabtec**
- **E-mail at:** **reportline@tnwinc.com**
- **Fax at:** **770-409-5008**
- **Postal Service:** **The Network**
  Attn: Wabtec
  333 Research Court
  Norcross, GA 30092

(Note: Wabtec's Hotline services are operated by an independent company called The Network. The Network offers multi-lingual services which are available 24 hours a day, 7 days a week).

All concerns will be relayed to Wabtec Corporation for review. Upon receiving a report of a concern or suspected Policy violation, the Ethics Compliance Officer will immediately document and investigate that report. If a violation is detected, the Company will take prompt measures to mitigate the violation, including disciplinary action as defined herein.

Remember:
When in doubt, ask before acting.

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APPENDIX: A

Outside the U.S. and Canada Hotline Phone Numbers

Dialing Information and Instructions:

- Availability of calling options varies by country due to local restrictions. This may require using a different access code or type of phone. If phone service is not available then please contract Wabtec utilizing one of the other available reporting options.
- In countries where the Type of International Service is AT&T Direct, first dial the local Access Code then wait for a tone then dial the Toll-Free Number.

Country	Type of International Service	Access Code (For AT&T Direct Only)	Toll-Free Number
Brazil	AT&T Direct	**0-800-890-0288**	877-860-1054
Brazil	AT&T Direct	**0-800-888-8288**	877-860-1054
France - Telecom	AT&T Direct	**0-800-99-0011**	877-860-1054
France - Telecom Development	AT&T Direct	**0805-701-288**	877-860-1054
Germany	AT&T Direct	**0-800-225-5288**	877-860-1054
Italy	AT&T Direct	**800-172-444**	877-860-1054
Japan - KDDI	AT&T Direct	**00-539-111**	877-860-1054
Japan - Softbank Telecom	AT&T Direct	**00-665-5111**	877-860-1054
Japan - Softbank Telecom	AT&T Direct	**00-441-1111**	877-860-1054
Macedonia	AT&T Direct	**0-8000-4288**	877-860-1054
Mexico (English Speaking Operator) - Mexico New	AT&T Direct	**01-800 288-2872**	877-860-1054
Mexico (Spanish Speaking Operator) - Por Cobrar	AT&T Direct	**01-800-112-2020**	877-860-1054
Mexico (English Speaking Operator)	AT&T Direct	**001-800-462-4240**	877-860-1054
Mexico (Spanish Speaking Operator)	AT&T Direct	**001-800-658-5454**	877-860-1054
South Africa	AT&T Direct	**0-800-99-0123**	877-860-1054
United Kingdom - British Telecom	AT&T Direct	**0-800-89-0011**	877-860-1054
United Kingdom - C&W	AT&T Direct	**0-500-89-0011**	877-860-1054
United Kingdom - NTL	AT&T Direct	**0-800-013-0011**	877-860-1054

Country	Type of International Service	Toll-free Number (In country toll free format)
Australia	ITFS	**1-800-09-4144**
India	ITFS	**000-800-100-1303**
Malaysia	ITFS	**1-800-81-4639**
China North - China Netcom Group	ITFS	**10-800-711-0927**
China South - China Telecom South	ITFS	**10-800-110-0854**

RL CONTROLS

RL CONTROLS
10-V Gill Street Woburn, MA 01801 P: (781) 932-3349 F: (781) 932-3359

New Orange and Red Line Vehicles
RFP No. CAP 27-10
Section B-60 – B-61

1. Attach relevant Certificate of Good Standing from the Secretary of State of the Commonwealth of Massachusetts
    a. See attached Certificate of Good Standing dated April 9, 2014 from The Secretary of State of the Commonwealth of Massachusetts.

2. Provide the names and telephone numbers of all business owners, shareholders if not a publicly held corporation, and/or members if a limited liability company.
    a. Lena Walsh, Principal/Owner, 617-771-6167
    b. William Hennigan, Operations/Manager, 617-699-8255

3. Provide the names, title and telephone numbers of all officers.
    a. N/A

4. Has the business or an owner or shareholder of the business ever had a prior contractual relationship with the MBTA. If yes, please describe relationship.
    a. We are currently installing the IP based CCTV solution on 450 NABI & New Flyer vehicles; manufacture of vehicle wire harnesses, create drawing and install procedures
    b. We currently maintain, service, and repair smart vehicle (AVL/APC) systems, support for ADA compliance on 1200 NABI, New Flyer and Nova vehicles
    c. We currently service and repair hand scanner IP data management equipment.
    d. We currently supply the MBTA with Harris communications equipment, and ISC applied systems communication equipment.
    e. We are currently supplying and installing the HVAC system on the overhaul of 192 Neoplan vehicles.
    f. Provide thermo management system products.
    g. Repair and calibrate CRT modules.
    h. Repair Thermo King drive modules.
    i. Supply, repair and rebuild SKODA components.
    j. Install, service, and support of Retail Sales Terminals for revenue collection

5. Has the business or an owner or shareholder of the business ever been in default of any obligations under a contract with the MBTA, any other Massachusetts state agency or any federal agency? If yes, please describe the circumstances. Please indicate whether it resulted in a termination for cause.
    a. No

6. Have any of the business owners, shareholders, or officers ever been convicted of felony violations of Federal, state or local laws? If yes, please describe the circumstances.
    a. No

7. Are there any pending recent law suits against the business or any of its owners, or shareholders? If yes, please describe circumstances.
    a. No

8. Prove the name, address, account number, contact person and telephone number of the insurance agent responsible for procuring insurance required by the solicitation documents.
    a. Michelle A. Lord, ARM, CIC - Eastern Insurance Group LLC,
    265 Franklin Street, BOS 212, Boston, MA 02210
    (508) 620-3411

9. Provide the name, address, contact person and telephone of three business credit references, including but not limited to your primary banking institution.
    a. See attached

10. Has the business or any of the business's owners or shareholders ever filed for bankruptcy or invoked insolvency proceedings under state law?
    a. No

11. Provide the last three (3) years of audited financial statements, or reasonable equivalent of the offeror. If the offeror is a joint venture of other combination of business entities, provide the last three (3) years audited financial statements for each entity.
    a. See attached

12. Provide the business's current code of business ethics or equivalent.
    a. N/A

The Commonwealth of Massachusetts

Secretary of the Commonwealth

State House, Boston, Massachusetts 02133

William Francis Galvin
Secretary of the
Commonwealth

April 9, 2014`

TO WHOM IT MAY CONCERN:

I hereby certify that a certificate of organization of a Limited Liability Company was filed in this office by

RL CONTROLS, LLC

in accordance with the provisions of Massachusetts General Laws Chapter 156C on **March 7, 2006.**

I further certify that said Limited Liability Company has filed all annual reports due and paid all fees with respect to such reports; that said Limited Liability Company has not filed a certificate of cancellation or withdrawal; and that said Limited Liability Company is in good standing with this office.

I also certify that the names of all managers listed in the most recent filing are: **LENA WALSH**

I further certify, the names of all persons authorized to execute documents filed with this office and listed in the most recent filing are: **LENA WALSH**

The names of all persons authorized to act with respect to real property listed in the most recent filing are: **LENA WALSH**

In testimony of which,
I have hereunto affixed the
Great Seal of the Commonwealth
on the date first above written.

William Francis Galvin

Secretary of the Commonwealth

Processed By:sam

R L Controls, LLC

Balance Sheets
June 30, 2013 and December 31, 2012, 2011, 2010

Assets

	June 30, 2013	2012	2011	2010
Current assets:				
Cash	$ 42,237	$ 39,745	$ 45,739	$ 53,587
Accounts receivable	419,893	318,603	717,581	291,705
Prepaid expenses	8,718	7,150	----	----
Total current assets	470,848	365,498	763,320	345,292
Fixed assets:				
Property & equipment	234,315	234,315	234,315	118,472
Less: accumulated depreciation	139,815	121,792	78,918	44,031
Net property and equipment	94,500	112,523	155,397	74,441
Other assets:	11,649	11,649	11,649	11,649
Total assets	$ 576,997	$ 489,670	$ 930,366	$ 431,382

R L Controls, LLC

Balance Sheets
June 30, 2013 and December 31, 2012, 2011, 2010

Liabilities and Members' Equity

	June 30, 2013	2012	2011	2010
Current liabilities:				
Demand note payable	$ 228,780	$ 259,780	$ 97,780	$ 40,750
Current portion of long term debt	35,580	35,580	34,601	13,133
Accounts payable	3,115	21,875	19,992	133,420
Accrued expenses	35,771	10,251	35,992	35,481
Total current liabilities	303,246	327,486	188,365	222,784
Long term liabilities:				
Notes payable	47,695	67,594	101,874	41,463
Members' equity:				
Members' equity	226,056	94,590	640,128	167,135
Total liabilities and members' equity	$ 576,997	$ 489,670	$ 930,367	$ 431,382

R L Controls, LLC

Statements of Income
For the Six Months ended June 30, 2013 and
For the years ended December 31, 2012, 2011 and 2010

	Six Months ended June 2013		2012		2011		2010	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Service revenue	$ 1,100,354	79.8 %	$ 578,140	36.0 %	$ 1,312,421	49.0 %	$ 1,822,254	59.7 %
Repair & other revenue	277,687	20.2	1,028,847	64.0	1,363,638	51.0	1,228,943	40.3
Total net revenue	1,378,041	100.0	1,606,987	100.0	2,676,059	100.0	3,051,197	100.0
Direct cost of service	779,771	56.6	1,200,871	74.7	1,220,214	45.6	2,099,544	68.8
Gross profit	598,270	43.4	406,116	25.3	1,455,845	54.4	951,653	31.5
Selling & administrative expenses	210,622	15.3	439,234	27.3	450,988	16.9	350,063	11.5
Guaranteed payments to partners	119,850	8.7	225,600	14.0	253,800	9.5	210,596	6.9
Depreciation expense	21,050	1.5	42,875	2.8	34,887	1.3	15,870	0.5
Total operating expenses	351,522	25.5	707,709	44.1	739,675	27.6	576,529	18.9
Net income from operations	246,748	17.9	(301,593)	(18.8)	716,170	26.8	375,124	12.3
Other income (expense):								
Interest expense	(7,643)	(0.6)	(9,435)	(0.6)	(7,430)	(0.3)	(6,562)	(0.2)
Net income (loss)	$ 239,105	17.3 %	$ (311,028)	(19.4) %	$ 708,740	26.5 %	$ 368,562	12.1 %

10V Gill Street
Woburn, MA 01801
P: (781) 932-3349 F: (781) 932-3359

Code of Ethics: RL Controls, LLC (RLC) is a small growing business. We require all our employees to follow these guidelines.

Ethics Mission Statement: To treat all with respect, honesty and integrity. This includes, company resources and property, customers and customer properties and other employees at RLC.

External to RLC

1. Interacting with a customer should be a positive experience; an RLC employee needs to be courteous and helpful at all times. They are to communicate their needs at all times.
    a. The customer is our livelihood and every employee is expected to have the utmost respect and meet the needs of the customer.
    b. You are there to support the needs of the customer and there is always a solution. Ask if you need immediate help, it is always available to you. "Treat the customer, as you would expect to be treated."
    c. Answer all emails in a timely manner; provide relevant information or response with your full contact information. If need be, add the cc of a person that is being brought in to help in response, it's about the needs of a customer and acknowledge why they are now included.
    d. All documentation is the property of RLC and cannot be disseminated or reused outside of RLC without written permission. We maintain privacy agreements with customers. An employee may not be aware, or need to be, as not all information is disclosed as a matter of company policy and is decided on a case-by-case basis by management.
2. Managers and employees are to seek guidance when uncertain as to the best practice to provide a response to a customer that could impact the project/work performance or the reputation of the company.
    a. There is always a positive response, even when it's not immediate, don't feel pressured.
    b. Provide timely communication in writing, don't always assume the conversation will be remembered, and is not considered the final decision in most cases, "do not assume." When resources of the company are required, the need is to be submitted in writing for approval.

Internal to RLC

3. Employees are to interact with their manager(s) or with mangers permission if they are not clear as to what is required of them or if they need information relative to their employment at RLC.
    a. RLC is a small growing company and values the controlled input of their employees.
4. Internet usage has become a valuable tool and provides great benefit to all. It is expected that employees will use the Internet appropriately when on company time and equipment.
5. Treating each other with respect, honesty and integrity.
    a. Respect and provide personal space when needed and articulate the need to communicate when it impacts the work environment.
    b. Cooperation is expected from employees on knowing the value of good working relationships with each other, our customers and the benefits of having camaraderie with respect for a healthy working environment.

Each employee has an obligation to adhere to the standards and report to the management if the expectations can't or are not being met. They are required to sign, and a copy is maintained within their history folder.

TOYO DENKI USA

The MBTA specification currently requires that the primary suppliers of subsystems delineated in Tab 1.1 to have the following information included in a Bidder's Proposal. We request that you provide this information to us so that it can be incorporated into our submittal. As noted in our cover letter, we are requesting clarification from MBTA regarding the need for this material. We will advise you of their response, but we must currently proceed as if it will be required. We request your return of this information by January 31, 2014.

1. Attach relevant Certificate of Good Standing from the Secretary of State of the Commonwealth of Massachusetts.
   Not applicable.

2. Provide the names and telephone numbers of all business owners, shareholders if not a publicly held corporation, and/or members if a limited liability company.
   Share Holder: Toyo Denki Seizo K.K.
   Tel: +81-3-5202-8131

3. Provide the name, title and telephone numbers of all officers.
   - Officer 1: **Shinya Koizumi**
     Title: President
     Tel: 724-774-1760
   - Officer 2: **Ichiro Sueoka**
     Title: Vice President
     Tel: 724-709-4764

4. Has the business or an owner or shareholder of the business ever had a prior contractual relationship with the MBTA? If yes, please describe relationship.
   No.

5. Has the business or an owner or shareholder of the business ever been in default of any obligations under a contract with the MBTA, any other Massachusetts state agency or any federal agency? If yes, please describe the circumstances, please indicate whether it resulted in a termination for cause.
   No.

6. Have any of the business owners, shareholders, or officers ever been convicted of felony violations of Federal, state or local laws? If yes, please describe the circumstances.
   No.

7. Are there any pending recent law suits against the business or any of its owners or shareholders? If yes, please describe the circumstances.
   No.

8. Provide the name, address, account number, contact person and telephone number of the insurance agent responsible for procuring insurance required by the Solicitation Documents

NAME	ADDRESS	CONTACT NAME	TELEPHONE NO.	INSURANCE COMPANY	INSURANCE TYPE	POLICY NO.
Liberty Insurance Agency	Manor Oak Two, Suite 800 1910 Cochran Road, Pittsburgh, PA 15220	Anthony Latronica	412-571-5714	Federal Insurance Co.(Chubb Group)	Commercial General Liability	2579-34-27
				Federal Insurance Co.	Umbrella	7983-96-37
				Easten Alliance Insurance Co. (Endorsement)	Workers Comp	03-0000504524-06(PA)

9. Provide the name, address, contact person and telephone of three business credit references, including but not limited to your primary banking institution.

NAME	ADDRESS	CONTACT	TELEPHONE
PNC Bank	1340 Freedom Rd. Cranberry, PA 16066	Amy Maniet	724-742-9890
Penn Machine Co.	106 Station St., Johnstown, PA 15905	Peter Harper	724-459-0302
Rail Transit Consultants	901 S. Railroad St., Penn, PA 15675	Richard Lerew	724-527-2386

10. Has the business or any of the business's owners or shareholders ever filed for bankruptcy or invoked insolvency proceeding under the state law?
No.

11. Provide the last three (3) years of audited financial statement, or reasonable equivalent of the Offeror. If the Offeror is a joint venture or other combination of business entities, provide the last three (3) years audited financial statement for each entity.
See Attached financial statement 2010, 2012, and 2013.

12. Provide the business's current code of business ethics of equivalent.
Toyo Denki USA, Inc. will hold high and implement the following management philosophy to grow its business to respond to the trust and understanding of its customers, and share with its employees, the joy of growth.
    - **Value ethics and contribute to society and its customers.**
    - **Foster an enterprising and creative spirit and take on challenges for the future.**
    - **Consider quality as our top priority and enhance credibility.**

13. Provide the responses to Questions Nos. 1 through 12 for all proposed suppliers of major subsystems identified in response to Tab I.1 – Technical Approach.

SIEMENS

SECTION B
PART B TECHNICAL PROPOSAL AND STATEMENTS AND CERTIFICATIONS REGARDING ELIGIBILITY

QUALIFICATIONS AND CERTIFICATIONS

NOTE: The Authority reserves the right to audit compliance with respect to each of the required statements and certifications in the forms submitted by Offerors, including but not limited to the Domestic U.S. Content Certification, Domestic U.S. Content Worksheet, and Final Assembly of Production (Non-Pilot) Vehicles in Massachusetts.

Questions Concerning Eligibility

Provide short answers (and attach relevant documents) to the following questions and requests:

1. Attach relevant Certificate of Good Standing from the Secretary of State of the Commonwealth of Massachusetts. **To be submitted separately.**

2. Provide the names and telephone numbers of all business owners, shareholders if not a publicly held corporation, and/or members if a limited liability company. **N/A**

3. Provide the names, title and telephone numbers of all officers.
   Daryl D. Dulaney, President and CEO (770) 751-2222
   Axel Meier, Executive Vice President, CFO and Treasurer (770) 751-2422
   Helmuth Ludwig, Executive Vice President (770) 754-6771
   Daniel W. Hislip, Senior Vice President, General Counsel & Secretary (770) 751-2064

4. Has the business or an owner or shareholder of the business ever had a prior contractual relationship with the MBTA? If yes, please describe relationship.
   Siemens Industry, Inc. is a wholly owned subsidiary of Siemens AG, a German publically listed company. Whether individual shareholders have contractual relationships with MBTA is not known, nor is it feasible to obtain such information

5. Has the business or an owner or shareholder of the business ever been in default of any obligations under a contract with the MBTA, any other Massachusetts state agency or any federal agency? If yes, please describe the circumstances. Please indicate whether it resulted in a termination for cause. **No.**

6. Have any of the business owners, shareholders, or officers every been convicted of felony violations of Federal, state or local laws? If yes, please describe the circumstances. **No.**

7. Are there any pending recent law suits against the business or any of its owners or shareholders? If yes, please describe the circumstances. **Siemens Industry, Inc., a subsidiary member of Siemens Corporation, is a multi-billion dollar company involved in wide ranging construction projects. As such Siemens Industry, Inc. has been involved in miscellaneous litigation (e.g., collection of fees, workers' compensation, etc.) arising out of its business, none of which are of a material nature, individually or collectively, as to adversely impact its ability to completely and satisfactorily perform any of its projects.**

8. Provide the name, address, account number, contact person and telephone number of the insurance agent responsible for procuring insurance required by the Solicitation Documents.
Marsh USA, 445 South Street, Suite 210, Morristown, NJ 07962
Jeff Rhinesmith and Melissa Cavallo (973) 401-5000

9. Provide the name, address, contact person and telephone of three business credit references, including but not limited to your primary banking institution.
1. BNY Mellon Bank, 500 Ross Street, Pittsburgh, PA 15262
2. Mass Electric Construction Co., 4970 Regent Blvd., Suite #100,
Irving, TX, Michael Iannitti (214) 441-1100
3. Spherion Corporation, 2050 Spectrum Boulevard,
Ft. Lauderdale, FL 33309 Daniele Addis (954) 308-4725

10. Has the business or any of the business's owners or shareholders ever filed for bankruptcy or invoked insolvency proceedings under state law? **No.**

11. Provide the last three (3) years of audited financial statements, or reasonable equivalent of the Offeror. If the Offeror is a joint venture or other combination of business entities, provide the last three (3) years audited financial statements for each entity.
Please refer to www.Siemens.com Investor Relations.

12. Provide the business's current code of business ethics or equivalent. **Attached.**

13. Provide the responses to Questions Nos. 1 through 12 for all proposed suppliers of major subsystems identified in response to Tab I.1 – Technical Approach.

The Commonwealth of Massachusetts

Secretary of the Commonwealth

State House, Boston, Massachusetts 02133

William Francis Galvin
Secretary of the
Commonwealth

Date: May 08, 2014

To Whom It May Concern :

I hereby certify that according to the records of this office,

SIEMENS INDUSTRY, INC.

a corporation organized under the laws of

DELAWARE

on **November 28, 1972** was qualified to do business in this Commonwealth on

October 13, 1998 under the provisions of the General Laws, and I further certify that said corporation is still qualified to do business in this Commonwealth.

I also certify that said corporation is not delinquent in the filing of any annual reports required to date.

In testimony of which,
I have hereunto affixed the
Great Seal of the Commonwealth
on the date first above written.

William Francis Galvin

Secretary of the Commonwealth

Certificate Number: 14057444830

Verify this Certificate at: http://corp.sec.state.ma.us/CorpWeb/Certificates/Verify.aspx

Processed by: ach

SIEMENS

Siemens Business Conduct Guidelines

Edition January 2009

Foreword

In the more than 160 years of its existence, our Company has built an excellent reputation around the world. Technical performance, innovation, quality, reliability, and international engagement have made Siemens one of the leading companies in electronics and electrical engineering. It is top performance with the highest ethics that has made Siemens strong. This is what the Company should continue to stand for in the future.

These **Business Conduct Guidelines** provide the ethical and legal framework within which we want to maintain successful activities. They contain the basic principles and rules for our conduct within our Company and in relation to our external partners and the general public. They set out how we meet our ethical and legal responsibility as a company and give expression to our corporate values of being "responsible – excellent – innovative."

These Business Conduct Guidelines have been adapted in line with new legal requirements and are based on international treaties on human rights, anti-corruption and sustainability. They are intended to strengthen awareness of the law and moral standards as an integral part of our entrepreneurial actions. The key message is that only clean business is Siemens business.

I call on all employees to live and breathe the Business Conduct Guidelines.

Peter Loescher
President and CEO

January 2009

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A. Basic Behavioral Requirements

A.1. Behavior which Complies with Law

Observing the law and the legal system in every country where we do business is a fundamental principle for Siemens[1]. All employees must obey the laws and regulations of the legal systems within which they are operating in addition to applicable Siemens policies. Violations of the law must be avoided under all circumstances.

Regardless of the sanctions that could be imposed by law, all employees guilty of a violation will be subject to disciplinary consequences because of the violation of their employment duties.

A.2. Mutual Respect, Honesty and Integrity

We respect the personal dignity, privacy, and personal rights of every individual. We work together with individuals of various ethnic backgrounds, cultures, religions, ages, disabilities, races, sexual identity, world view and gender. Consistent with our corporate principles and with the employment laws of numerous countries in which we work, we do not tolerate discrimination against anyone on the basis of any of these characteristics or harassment or offensive behavior, whether sexual or otherwise personal.

These principles apply to both internal cooperation and conduct towards external partners. We make decisions about those we work with – including personnel, suppliers, customers and business partners – based only on appropriate considerations, not on the basis of inappropriate considerations such as discrimination or coercion.

We are open, honest and stand by our responsibilities. We are reliable partners and make no promises we cannot keep. And we expect our employees to act with integrity.

A.3. Responsibility for the Reputation of Siemens

To a substantial degree, the reputation of Siemens is determined by our actions and by the way each and every one of us presents and conducts himself/herself. Illegal or inappropriate behavior on the part of even a single employee can cause the Company considerable damage.

Every employee should be concerned with maintaining and promoting the good reputation of Siemens in the respective country.

[1] References to “Company“ or “Siemens“ are to Siemens AG and its subsidiaries.

A.4. Management, Responsibility and Supervision

The culture of integrity and compliance in an organization starts at the top. All managers must fulfill their duties of organization and supervision. All managers bear responsibility for all employees entrusted to them. All managers must earn respect by exemplary personal behavior, performance, openness, and social competence. This means, among other things, that each manager must emphasize the importance of ethical conduct and compliance, make them regular topics of everyday business and promote them through personal leadership and training. Each manager must also set clear, ambitious and realistic goals and lead by example.

Managers should permit their employees as much individual responsibility and leeway as possible, while making it clear that compliance is required under all circumstances, at all times. All managers shall also be accessible in case employees wish to raise compliance concerns, ask questions or discuss a professional or personal problem.

These responsibilities of managers do not relieve employees of their own responsibilities. We must all work together to comply with applicable laws and Siemens policies. These specific manager responsibilities are listed here to give employees an idea of the leadership and support they should expect from their superiors.

It is the responsibility of all managers to see to it that there are no violations of laws within their area of responsibility that proper supervision could have prevented. They still remain responsible, even if they delegate particular tasks.

In particular, the following duties apply to managers:

1. The manager must carefully select employees based on their personal and professional qualifications and suitability. The duty of due care increases with the significance of the task the employee must perform (duty of selection).

2. The manager must give precise, complete and binding instructions to employees, especially with regard to compliance with the law (duty to give instructions).

3. The manager must ensure that compliance with the law is continuously monitored (duty of monitoring).

4. The manager must clearly communicate to employees the importance of integrity and compliance in everyday business. He/she must also communicate that violations of the law are unacceptable and will have employment consequences (duty of communication).

B. Treatment of Business Partners and Third Parties

B.1. Fair Competition and Anti-Trust Laws

Fair competition permits markets to develop freely – with attendant social benefits. Accordingly, the principle of fairness also applies to competition for market share.

Every employee is obliged to abide by the rules of fair competition.

Anti-trust evaluation can be difficult, particularly because the rules can differ from country to country and from case to case. For example, in many places special anti-trust law requirements apply to large companies.

Here are examples of the types of behavior that can lead to a violation of anti-trust laws. Employees may not:

- talk to competitors about prices, output, capacities, sales, bids, profits, profit margins, costs, methods of distribution or any other parameter that determines or influences the Company's competitive behavior with the aim to solicit parallel behavior from the competitor,

- enter into an agreement with a competitor not to compete, to restrict dealings with suppliers, to submit bogus offers for bidding or to divide up customers, markets, territories or production programs, or

- have any influence on the resale prices charged by our purchasers, or attempt to make them restrict the export or import of goods supplied by Siemens.

Moreover, employees may not obtain competitive intelligence by using industrial espionage, bribery, theft or electronic eavesdropping, or communicate knowingly false information about a competitor or its products or services.

B.2. Anti-Corruption: Offering and Granting Advantages

We compete fairly for orders with the quality and the price of our innovative products and services, not by offering improper benefits to others. As a result, no employee may directly or indirectly offer, promise, grant or authorize the giving of money or anything else of value to a government official to influence official action or obtain an improper advantage. The same applies to a private commercial counterparty in a business transaction in consideration for an improper advantage. Any offer, promise, grant or gift must comply with applicable laws and Siemens' policies, and must not raise an appearance of bad faith or unsuitableness. This means that no such offer, promise, grant or gift may be made if it could reasonably be understood as an effort to improperly influence a government official or as a bribe to a commercial counterparty to grant Siemens a business advantage.

The term "government official" is defined broadly to include officials or employees of any government or other public body, agency or legal entity, at any level, including officers or employees of state-owned enterprises and public international organizations. It also includes candidates for political office, political party officials and employees, as well as political parties.

In addition, employees may not give money or anything of value *indirectly* (for example, to a consultant, agent, intermediary, business partner or other third party) if the circumstances

indicate that all or part of may be directly or indirectly passed on to a government official to influence official action or obtain an improper advantage or to a private commercial counterparty in consideration for an unfair advantage in a business transaction. For that reason, employees responsible for hiring consultants, agents, partners in joint ventures or other business partners must take action as appropriate to:

- ensure that those third parties understand and will abide by Siemens' anti-corruption policies or comparable equivalents,

- evaluate the qualifications and reputation of such third parties, and

- include appropriate provisions in agreements and contracts designed to protect Siemens.

This applies in particular, but not only if they will have contact with government officials on behalf of Siemens.

Finally, each investment decision made by the Company – whether it is the purchase of a controlling interest in a company or a minority interest, or a joint venture arrangement – must be based on a prior compliance check.

B.3. Anti-Corruption: Demanding and Accepting Advantages

Employees are not permitted to use their jobs to solicit, demand, accept, obtain or be promised advantages. This does not apply to the acceptance of occasional gifts of purely symbolic value or meals or entertainment reasonable in value that are consistent with local customs and practices and Siemens policies. Any other gifts, meals or entertainment must be refused.

B.4. Political Contributions, Charitable Donations and Sponsoring

Siemens does not make political contributions (donations to politicians, political parties or political organizations).

As a responsible member of society, Siemens makes monetary or product donations for education and science, art and culture, and social and humanitarian projects. Sponsorships for which Siemens receives advertising are not considered donations, nor are contributions to industry associations or fees for memberships in organizations that serve business interests. Some donations are always prohibited, including donations (1) to individuals and for-profit organizations; (2) paid to private accounts; (3) to organizations whose goals are incompatible with Siemens' corporate principles; or (4) that would damage Siemens' reputation.

All donations must be transparent. This means, among other things, that the recipient's identity and planned use of the donation must be clear and the reason and purpose for the donation must be justifiable and documented. Quasi-donations, meaning donations which appear to be compensation for a service but are substantially larger than the value of the service, are prohibited as violating the principles of transparency.

Sponsoring means any contribution in money or in kind by Siemens towards an event organized by a third party in return for the opportunity to advertise the Siemens brands by, for example, displaying the Siemens logo, being mentioned in the opening or closing addresses, or the participation of a speaker on a discussion panel, as well as tickets to the event.

All sponsoring contributions must be transparent, pursuant to written agreement, for legitimate business purposes, and commensurate with the consideration offered by the event host. Contributions may not be promised, offered or made to secure unjustified competitive advantages for Siemens or for other improper purposes, and they may not be made towards events organized by individuals or organizations that have goals incompatible with Siemens' corporate principles or that would damage Siemens' reputation.

B.5. Government Procurement

Siemens competes for contracts from government entities and government-owned businesses around the world. In all of Siemens' dealings and interactions with governments, we act in a manner that is transparent, honest and accurate.

We comply with all applicable laws and regulations related to government procurements, including laws prohibiting efforts to improperly influence government officials.

B.6. Anti-money Laundering

Money laundering is the process of disguising the nature and source of money connected with criminal activity – such as terrorism, drug trafficking or bribery – by integrating "dirty money" into the stream of commerce so that it appears legitimate or its true source or owner cannot be identified.

It is Siemens' objective to conduct business with reputable customers, consultants and business partners who are involved in lawful business activities and whose funds are derived from legitimate sources. We do not facilitate money laundering. All employees must abide by applicable anti-money laundering laws and Siemens' procedures, such as finavigate®, designed to detect and deter suspicious forms of payment or customers or other transactions that could involve money laundering. To avoid problems in this area, employees must be attentive to and report suspicious behavior by customers, consultants and business partners. Employees must also follow all accounting, record-keeping and financial reporting requirements applicable to cash and payments in connection with other transactions and contracts.

B.7. Trade Controls

Siemens complies with applicable export controls and customs laws and regulations in the countries where it does business. Export controls generally apply to the transfer of goods, services, hardware, software or technology across certain national borders, including by email. Export control laws may be triggered in connection with direct or indirect exports to or imports from sanctioned countries or parties, who, for example, may be designated based on national security grounds or because of participation in criminal activity. Violations of these laws and regulations may lead to serious penalties, including fines and governmental withdrawal of simplified import and export procedures (interruption of seamless supply chain).

Employees involved in the import and export of goods, services, hardware, software or technology as described above must follow applicable economic sanctions, export control and import laws and regulations and any related policies and procedures established by the business in which they work.

B.8. Working with Suppliers

Siemens as a company expects its suppliers to share Siemens' values and comply with all applicable laws. Furthermore, Siemens expects its suppliers to act in accordance with the following principles, similarly adopted by Siemens, concerning responsibilities vis-à-vis stakeholders and the environment:

- Comply with all applicable laws,
- Prohibit corruption,
- Respect basic human rights of employees,
- Comply with laws prohibiting child labor,
- Take responsibility for the health and safety of their employees,
- Act in accordance with applicable statutory and international standards regarding environmental protection, and
- Promote compliance among their suppliers with Siemens' "Code of Conduct for Suppliers."

C. Avoiding Conflicts of Interest

It is the duty of Siemens employees to make business decisions in the best interest of Siemens, not based on their own personal interests. Conflicts of interest arise when employees engage in activities or advance personal interests at the expense of Siemens' interests.

Employees must inform their supervisor of any personal interest they could possibly have in connection with the execution of their professional duties.

Employees are not permitted to use, for their own personal contracts or orders, companies with which they have business dealings as part of their activities for Siemens if they could derive any advantage from the personal contract or order. This is particularly applicable if the employee exercises or is capable of exercising a direct or indirect influence upon whether that company receives a contract from Siemens.

A conflict can take the form of a business relationship with, or an interest in, a competitor or customer of Siemens, or participation in sideline activities that prevent employees from being able to fulfill their responsibilities at Siemens. It is important that all employees recognize and avoid conflicts of interest, or even the appearance of a conflict of interest, as they conduct their professional activities.

C.1. Competing with Siemens

An employee may not operate or assist a company that competes with Siemens or engage in any competing activities.

C.2. Sideline Work

Employees may not engage in sideline work that competes with Siemens. Before employees may engage in other sideline work for remuneration they must notify Siemens and seek written permission. Occasional writing activities, lectures, and comparable occasional activities are not considered sideline work. Permission will not be granted if it is detrimental to the interests of Siemens. Permission may be refused if employees have dealings in the course of their official Siemens' duties with the company in question. Previously granted permission may be revoked on these grounds as well.

C.3. Interests in Third Companies

Employees who directly or indirectly hold or acquire a stake in a competitor company must disclose this fact to their personnel department if this stake gives them the opportunity to exert influence on the management of that company. It can be assumed, as a general rule, that the possibility of exerting influence on the management exists when a stake exceeds 5% of a competitor company's total capital.

Employees who directly or indirectly hold or acquire an interest in a Siemens business partner or a company in which Siemens has ownership shares also have to disclose this fact to the personnel department responsible, if they have dealings with the business partner or company in the course of their official duties or if they will hold a position in that company. For shares in listed companies, this applies only if the interest exceeds 5% of total equity.

Once an interest in a third company has been disclosed, the Company may take suitable measures to eliminate any conflict of interest.

D. Handling of Company Property

There are many devices and pieces of equipment in Siemens offices and workshops, such as telephones, copying machines, computers, software, Internet/Intranet, machines and other tools, including e-mail and answering machine systems. These are only to be used for Company business and not for personal gain. Exceptions, and payment if applicable, can be agreed upon locally, provided that the use of Siemens property does not:

- relate to any illegal activity,
- cause an actual or perceived conflict of interest, or
- lead to significant added costs, disruption of Siemens business or other adverse effects for the Company, including by interfering with an employee's assigned duties or the assigned duties of other employees.

In no case may information be retrieved or transmitted that furthers or incites racial hatred, glorification of violence or other criminal acts, or contains material which is sexually offensive within the respective culture.

Employees are not permitted without the consent of their supervisor to make records, files, video or audio recordings, or reproductions using Siemens equipment or facilities if the activity is not directly related to Company business.

E. Handling of Information

E.1. Records and Financial Integrity

Open and effective communication requires accurate and truthful reporting. This applies equally to relationships with investors, employees, customers and business partners, as well as with the public and all governmental offices.

Siemens is also required to maintain sound processes and controls so that transactions are executed according to management's authorization. Siemens must also prevent and detect unauthorized use of Siemens assets. All Siemens employees are required to make sure that the Siemens books and records they create or are otherwise responsible for are:

- complete,
- accurate,
- honestly reflect each transaction or expenditure, and
- are timely and in accordance with applicable accounting rules and standards

whether or not the information will be included in a public filing or provided to a government agency. Such books and records include all data, certifications and other written materials provided for financial reporting and disclosure purposes as well as materials collected for other purposes. These also include internal expense records (such as expense account reports).

E.2. Confidentiality

Confidentiality must be maintained with regard to Siemens' internal confidential or proprietary information that has not been made known to the public. Non-public information from or concerning suppliers, customers, employees, agents, consultants and other third parties must also be protected in accordance with legal and contractual requirements.

Confidential or proprietary information may include, in particular:

- details concerning a company's organization and equipment, prices, sales, profits, markets, customers and other matters of business,
- information on manufacturing or research and development, and
- internal reporting figures.

The obligation to maintain confidentiality extends beyond the termination of the relevant relationship, since the disclosure of confidential information could cause harm to Siemens' business, clients or customers no matter when it is disclosed.

E.3. Data Protection and Data Security

Access to the Intranet and Internet, worldwide electronic information exchange and dialogue, and electronic business dealings are all crucial to the effectiveness of each and every one of us, and for the success of the business as a whole. However, the advantages of electronic communication are tied to risks in terms of personal privacy protection and data security. Effective foresight with regard to these risks is an important component of information technology management, the leadership function, and also the behavior of each individual.

Personal data may only be collected, processed, or used insofar as it is necessary for pre-determined, clear, and legitimate purposes. In addition, personal data must be maintained in a secure manner and appropriate precautions should be taken when transmitting it. High standards must be ensured with regard to data quality and technical protection against unauthorized access. The use of the data must be transparent for those concerned and the rights of those concerned must be safeguarded with regard to use and correction of information and, if applicable, to objections pertaining to blocking, and deletion of information.

In some jurisdictions (such as the European Union) there are strict laws and regulations pertaining to the collection and use of personal data, including data on others, such as customers or business partners. All employees must abide by such laws, to the extent they are applicable, to protect the privacy of others.

E.4. Insider Trading Rules

People who have inside information with regard to Siemens or another company, such as a customer, supplier or joint venture partner whose securities are admitted to trading on a stock exchange or an organized securities market, are not allowed to trade in these companies' securities or in financial instruments the prices of which depend directly or indirectly on these companies' securities (insider securities). Inside information is any specific information which is not public knowledge relating to Siemens or such other issuer of insider securities, which, if it became publicly known, would likely have a significant effect on the price of the insider security. Such likelihood exists if a reasonable investor would view the information as likely to have an impact on the price of the security. It would also exist if a reasonable investor would take the information into account in making an investment decision.

Inside information may be acquired as a result of an employee's position and responsibilities or inadvertently, and includes non-public information about such things as:

- financial results,
- financial plans or budgets,
- dividend changes,
- significant mergers or acquisitions,

- divestitures,
- particularly important contract awards or strategic plans,
- major developments in litigation,
- technical or product developments,
- major management changes, joint ventures and major business agreements, or
- business relationships.

In order to avoid even the appearance of a violation of the insider trading rules by the members of the uppermost management level, these individuals may generally effect no transactions in Siemens' securities in the time from two weeks prior to the end of a quarter or fiscal year until two days subsequent to publication of quarterly or fiscal-year-end results. The same applies to employees of Siemens whose activities or function gives them access to financial results or other material information that is not yet public. Inside information must not be disclosed or made available to a third party without authority to do so. The disclosure of inside information is unauthorized whenever it is made outside the normal scope of an insider's work functions or professional duties, or in fulfilling other duties on behalf of the issuer. This applies both to information disclosed within Siemens and to information disclosed outside Siemens, including to journalists, financial analysts, customers, consultants, family members, or friends. Furthermore, employees must always make sure that insider-relevant information is secured or kept under lock and key so that unauthorized persons cannot gain access to it.

Persons who have inside information are not allowed to recommend that a third party acquire or dispose securities for which that information is relevant, or to otherwise induce a third party to do so.

Managers can be held personally liable for damages in some cases if an employee violates insider trading rules and proper supervision could have prevented the violation.

Additional or special insider trading rules and local law have to be complied with, as applicable.

F. Environment, Safety and Health

F.1. Environment and Technical Safety

Protecting the environment and conserving natural resources are high priorities for our Company. Through management leadership and employee commitment, Siemens strives to conduct its operations in a manner that is safe for the environment and continually improves environmental performance. A worldwide environmental management system has been implemented by Siemens to ensure observation of the law and sets high standards for this purpose.

Beginning at the product development stage, environmentally compatible design, technical safety and health protection are fixed as targets.

All employees must contribute to these goals through their own behavior.

F.2. Work Safety

Protecting the health and safety of employees in the workplace is a high priority for Siemens. It is the responsibility of everyone to foster Siemens' efforts to conduct its operations in a safe manner. The responsibility vis-à-vis employees requires the best possible accident-prevention measures, and applies to:

- the technical planning of workplaces, equipment and processes
- safety management, and
- personal behavior in the everyday workplace.

The work environment must conform to the requirements of health-oriented design. All employees must constantly be attentive to work safety.

G. Complaints and Comments

All employees may lodge a complaint with their supervisor, their compliance officer, personnel manager or some other person/unit designated for this purpose or with an existing internal works council. Circumstances which point to a violation of the Business Conduct Guidelines are to be reported to the Chief Compliance Officer, the Compliance Officer responsible for the Sector, Division, Regional or Corporate Units, the "Tell Us" Helpdesk or the Siemens Ombudsman. There is a special process for handling complaints related to accounting practices. All complaints can be submitted both confidentially and anonymously, and all complaints will be investigated. Corrective measures will be implemented if necessary. All documentation will be kept confidential to the extent permitted by law. No reprisal of any kind against complainants will be tolerated.

H. Compliance Implementation and Monitoring

The management of Siemens throughout the world shall actively foster the widespread distribution of the Business Conduct Guidelines and see to it that they are implemented.

Compliance with the law and observance of the Business Conduct Guidelines shall be monitored worldwide in all Siemens companies on a regular basis. This shall be done in accordance with applicable national procedures and legal provisions.

An extensive compliance organization is in place at the level of Siemens, the Sectors, Divisions and Regions to ensure that the Siemens compliance program is enforced.

Further Information and Contacts

Integrity is at the heart of all our actions. These Guidelines define what “integrity” means for our business. But they can’t tell the whole story or answer every question.

Siemens’ Compliance Intranet Web Site
https://cpps.eps.siemens.com/irj/portal/ep/public/de/compliance provides additional information – including company-wide, frequently asked questions, training materials and other aids – that add content-related specifics to these Guidelines.

If a Siemens employee is not sure what the right thing to do is in a specific case, there are many sources of information available to help, including the employee’s supervisor, Sector, Division, Regional or Corporate Compliance Officer and the Compliance Helpdesk’s “Ask Us”, which is available on the Siemens Intranet.
https://xenios.os.fth.sbs.de/compliance/question.do?dispatchAction=new

Moreover, if an employee has discovered a case of possible misconduct, various options are available to report it. These include not only an employee’s supervisor and compliance officer but also the Compliance Helpdesk’s “Tell Us”, now available 24/7 by phone and external Internet, and the Siemens Ombudsman.
https://cpps.eps.siemens.com/irj/portal/ep/public/de/compliance/compl-helpdesk

Appendix

Conventions and Recommendations of International Organizations

In addition to the laws and regulations of individual countries, there are a number of Conventions and Recommendations from international organizations which are noteworthy. Although these documents are primarily addressed to Member States and not directly to companies, they nevertheless function as important guidelines for the conduct of multinational companies and their employees. Siemens supports the requirements of these conventions and recommendations.

Siemens is a member of the United Nations Global Compact and regards its ten principles, as well as the rules laid down in the framework agreement of the International Metalworkers' Federation (IMF), as binding for the entire Company. Otherwise, the Company's internal arbitration arrangements apply.

Siemens is also committed to embracing, supporting and enacting, within its further sphere of influence, the set of core values in the areas of human rights, labor standards, the environment, and anti-corruption included therein as an integral part of its business strategy and operations.

In line with its Global Compact commitment Siemens therefore expects its employees, suppliers and business partners around the globe to recognize and apply particularly the standards of the:

- Universal Declaration of Human Rights (1948) and European Convention for the Protection of Human Rights and Fundamental Freedoms (1950)
- ILO (International Labor Organization) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (1977) and ILO Declaration on Fundamental Principles and Rights at work (1998) (specially with following issues: elimination of child labor, abolition of forced labor, prohibition of discrimination, freedom of association and right to collective bargaining)
- OECD Guidelines for Multinational Enterprises (2000)
- "Agenda 21" on Sustainable Development (final document of the basic UN-conference on environment and development, Rio de Janeiro (1992)
- UN Convention Against Corruption (2005)

TRANSITAIR, INC.

Questions Concerning Eligibility & Manufacturing Capability

1. Attach relevant Certificate of Good Standing from the Secretary of State of the commonwealth of Massachusetts.

   A: ***Attached***

2. Provide the names and telephone numbers of all business owners, shareholders if not a publicly held corporation, and/or members if a limited liability company.

   A: ***Mr. Dhruv Sharma, Chairman & CEO, (607) 324-7860***

3. Provide the names, title and telephone numbers of all officers.

   A: ***Mr. Dhruv Sharma, Chairman & CEO, (607) 324-7860***
   Mr. Michael L. Nisbet, Managing Director & CFO, (607) 324-7860

4. Has the business or an owner or shareholder of the business ever had a prior contractual relationship with the MBTA? If yes, please describe relationship.

   A: ***The business has had the following contracts with MBTA in the last five years:***
   - ***2009: Overhaul / reconditioning of 100 MBTA Red Line #2, 1700 series car, cast steel truck frames***
   - ***2009: Replacement and upgrade of 64 HVAC controllers for Red Line #2 Railcars***
   - ***2009: Overhaul of 720 door operator assemblies***

5. Has the business or an owner or shareholder of the business ever been in default of any obligations under a contract with the MBTA, any other Massachusetts state agency or any federal agency? If yes, please describe the circumstances. Please indicate whether it resulted in a termination for cause.

   A: ***No***

6. Have any of the business owners, shareholders, or officers every been convicted of felony violations of Federal, state or local laws? If yes, please describe the circumstances.

   A: ***No***

7. Are there any pending recent law suits against the business or any of its owners or shareholders? If yes, please describe the circumstances.

   A: ***No***

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8. Provide the name, address, account number, contact person and telephone number of the insurance agent responsible for procuring insurance required by the Solicitation Documents.

   A: ***Jason Beachel, Vice President, MBA***
   Tompkins Insurance Agencies, Inc.
   90 Main Street
   Batavia, NY 14020
   Phone: (585) 344-2713

9. Provide the name, address, contact person and telephone of three business credit references, including but not limited to your primary banking institution.

   A: ***Steuben Trust Company***
   Brenda Copeland, President
   One Steuben square
   Hornell, NY 14843
   Phone: (607) 324-5010

   Bainco
   Sam Bain, President
   500 Boylston Street, Suite 440
   Boston, MA 02116
   Phone: (617) 536-0333

   Super Radiator Coils
   Angela Martin
   451 Southlake Blvd.
   Richmond, VA 23236
   Phone: (804) 378-1322

10. Has the business or any of the business's owners or shareholders ever filed for bankruptcy or invoked insolvency proceedings under state law?

    A: ***No***

11. Provide the last three (3) years of audited financial statements, or reasonable equivalent of the Offeror. If the Offeror is a joint venture or other combination of business entities, provide the last three (3) years audited financial statements for each entity.

    A: ***Attached***

12. Provide the business's current code of business ethics or equivalent.

    A: ***Transitair is committed to understanding and implementing throughout all processes, continuous improvement of quality, to meet our customer's objectives and provide reliable products.***

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13. Provide information showing North American manufacturing locations, experience, and capacities.

    A: ***See Attached***

14. Identify the type of equipment being proposed and where and in what quantities similar equipment is in use in North America and other locations.

    A: ***See Attached***

15. Indicate locations where all proposed equipment will be manufactured and assembled.

    A: ***See Attached***

16. Provide manufacturing capacities at these proposed manufacturing locations available for this project.

    A: ***See Attached***

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Certificate of Good Standing

This document and any information or descriptive matter set out herein are the confidential and copyright property of Transitair, Inc. and must not be disclosed, loaned or used for manufacturing, tendering or any other purpose without written permission from Transitair, Inc.

The Commonwealth of Massachusetts

Secretary of the Commonwealth

State House, Boston, Massachusetts 02133

William Francis Galvin
Secretary of the
Commonwealth

Date: April 02, 2014

To Whom It May Concern :

I hereby certify that according to the records of this office,

TRANSITAIR, INC.

a corporation organized under the laws of

GEORGIA

on **July 02, 1991** was qualified to do business in this Commonwealth on

October 28, 2008 under the provisions of the General Laws, and I further certify that said corporation is still qualified to do business in this Commonwealth.

I also certify that said corporation is not delinquent in the filing of any annual reports required to date.

In testimony of which,
I have hereunto affixed the
Great Seal of the Commonwealth
on the date first above written.

William Francis Galvin

Secretary of the Commonwealth

Certificate Number: 14046926310

Verify this Certificate at: http://corp.sec.state.ma.us/CorpWeb/Certificates/Verify.aspx

Processed by: tgr

Last three (3) Years Audited Financial Statements

This document and any information or descriptive matter set out herein are the confidential and copyright property of Transitair, Inc. and must not be disclosed, loaned or used for manufacturing, tendering or any other purpose without written permission from Transitair, Inc.

Financial Statement

Consolidated Balance Sheets
Transitair, Inc. and Subsidiaries
Management Compilation
For Period Ending December 31, 2013
(Outside Audit for the period not complete yet)

This document and any information or descriptive matter set out herein are the confidential and copyright property of Transitair, Inc. and must not be disclosed, loaned or used for manufacturing, tendering or any other purpose without written permission from Transitair, Inc.

TRANISTAIR, INC
Balance Sheet
December 31, 2013

ASSETS

Current Assets:	
Cash	$2,372,018
Accounts Receivable	$1,251,647
Intercompany Receivables	$0
Cost & Earnings in Excess of Billings	$396,644
Inventory	$1,689,112
Other Receivables	$25,856
Prepaid Expenses	$20,865
Total Current Assets:	$5,756,142
Property & Equipment:	
Property, Plant & Equipment Net of Accumulated Depreciation	$1,120,453
Total Property & Equipment:	$1,120,453
Other Assets:	$471,512
TOTAL ASSETS:	$7,348,107

LIABILITIES & SHAREHOLDER'S EQUITY

Current Liabilities:	
Line of Credit	$0
Current Maturities of Long Term Debt	$36,072
Notes Payable	$0
Accounts Payable	$526,761
Intercompany Payables	$22,606
Project Advances	$0
Received not Vouchered	$20,601
Accrued Expenses	$1,594,916
Accrued Interest	$181,466
Warranty Reserve	$190,789
Total Current Liabilities:	$2,573,211
Long Term Debt, Net of Current Maturities:	
Other Payables	$0
Notes Payable	$168,217
Loan from Shareholder	$0
Deferred Income	$0
Total Long Term Debt & Liabilities:	$168,217
Total Liabilities:	$2,741,428
Shareholders Equity:	
Additional paid-in capital	$745,443
Common Stock	$10
Distribution to Members	$0
Member Contributions	$0
Retained Earnings	$3,151,951
Profit (Loss) Current Year	$709,275
Total Shareholders Equity:	$4,606,679
TOTAL LIABILITIES & SHAREHOLDER'S EQUITY:	$7,348,107

Audited Financial Statements

Consolidated Balance Sheets
Transitair, Inc. and Subsidiaries
For Period Ending December 31, 2012
For Period Ending December 32, 2011

This document and any information or descriptive matter set out herein are the confidential and copyright property of Transitair, Inc. and must not be disclosed, loaned or used for manufacturing, tendering or any other purpose without written permission from Transitair, Inc.

TRANSITAIR, INC. & SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS	December 31, 2012	December 31, 2011
CURRENT ASSETS		
Cash	$ 3,692,911	$ 5,118,259
Accounts receivable	1,648,285	3,176,605
Contract costs and estimated earnings in excess of billings	111,262	99,264
Inventory	1,404,572	985,621
Shareholder loan receivable	-	115,379
Prepaid expenses	52,959	23,293
TOTAL CURRENT ASSETS	6,909,989	9,518,421
PROPERTY, PLANT AND EQUIPMENT, net	1,187,342	1,299,159
	$ 8,097,331	$ 10,817,580

LIABILITIES AND SHAREHOLDERS' EQUITY	December 31, 2012	December 31, 2011
CURRENT LIABILITIES		
Current maturities of long term debt	170,328	223,907
Billings in excess of costs and estimated earnings on uncompleted contracts	202,563	56,498
Accounts payable and accrued expenses	3,181,335	4,254,379
Warranty reserve	213,439	218,132
Deferred revenue - Community Development Block Grant	225,000	-
TOTAL CURRENT LIABILITIES	3,992,665	4,752,916
OTHER LIABILITIES		
Long-term debt	207,262	152,416
Project advances	-	1,250,000
	207,262	1,402,416
SHAREHOLDERS' EQUITY		
Common stock, no par value:		
Authorized, 100,000 shares		
Issued and outstanding, 785 shares	10	10
Additional paid-in capital	745,443	745,443
Retained earnings	3,151,951	3,916,795
	3,897,404	4,662,248
	$ 8,097,331	$ 10,817,580

TRANS-LITE

TRANS-LITE
A Division of Teknoware

QUALIFICATIONS and CERTIFICATIONS

FORM B-60

	Questions Concerning Eligibility	Responses
1	Attach relevant Certificate of Good Standing from the Secretary of State of the Commonwealth of Massachusetts	Not available because it was not a known requirement to do business with the Commonwealth of Massachusetts
2	Provide the names and telephone numbers of all business owners, shareholders if not a publically held corporation, and/or members if a limited liability company	Teknoware OY (100% Ownership) Ilmarisentie 8, 15200 Lahti Finland
3	Provide the names, title and telephone numbers of all officers	Esa Melkko - President (203-693-2406) Kai Kauto - Chairman of the Board (+358 (3) 883 0120)
4	Has the business or an owner or shareholder of the business ever had a prior contractual relationship with the MBTA? If yes, please describe relationship	No
5	Has the business or an owner or shareholder of the business ever been in default of any obligations under a contract with the MBTA, any other federal agency? If yes, please describe the circumstances. Please indicate whether it resulted in a termination for cause.	No
6	Have any of the business owners, shareholders, or officers every been convicted of felony violations of Federal, state or local laws? If yes, please describe the circumstances.	No
7	Are there any pending recent law suits against the business or any of its owners or shareholders? If yes, please describe the circumstances.	No
8	Provide the name, address, account number, contact person and telephone number of the insurance agent responsible for procuring insurance required by the Solicitation Documents.	See attached Trans-Lite Insurance Information (Form B-60 Attachment08_Insurance Agent.pdf)
9	Provide the name, address, contact person and telephone of three business credit references, including but not limited to your primary banking institution.	See attached Trans-Lite Credit Information (Form B-60 Attachment09_Credit References.pdf)
10	Has the business or any of the business's owners or shareholders ever filed for bankruptcy or invoked insolvency proceedings under state law?	No
11	Provide the last three (3) years of audited financial statements, or reasonable equivalent of the Offeror. If the Offeror is a joint venture or other combination of business entities, provide the last three (3) years audited financial statements for each entity.	Trans-Lite was purchased on December 2012 by Teknoware OY and is a privately held corporation. See attached Teknoware OY financial information. (Form B-60 Attachment11_Teknoware OY Financial Statement.pdf)
12	Provide the business's current code of business ethics or equivalent.	See attached Trans-Lite Code of Conduct dated 10-4-2013 (Form B-60 Attachment12_Code of Conduct.pdf)

WILLIS SERVICE TEAM

Willis of Connecticut, LLC
185 Asylum Street, 25th Floor
Hartford, CT 06103
(800) 843-5404

Austin Perkins
Client Advocate
Email: Austin.Perkins@willis.com
Phone: (860) 756-7345
Fax: (860) 278-5776
Mobile: (860) 463-1838

Erin Conn
Client Services Specialist
Email: Erin.M.Conn@willis.com
Phone: (860) 765-7315
Fax: (860) 278-5776
Mobile: (914) 772-30860

Form B-60 Attachment09_Credit References.pdf

TRANS-LITE
A Division of Teknoware
120 WAMPUS LANE
MILFORD, CT USA 06460
(203) 878-8567 TEL. (203) 877-2630 FAX
E-Mail: mail@TRANS-LITEINC.COM
WEBSITE: WWW.TRANS-LITEINC.COM

STANDARD CREDIT INFORMATION

Date: April 14, 2014

KIND OF BUSINESS: Manufacturing of Mass Transit Lighting and Destination Signs

Established: 1958

Incorporated in the State of Connecticut

TRADE CREDIT REFERENCES:

H & H Castings, Inc.
4300 Lincoln Hwy
York, PA 17406
Email: dwilliams@hhcast.com
Tel: 800-835-7770
Fax: 717-757-9170

Heilind Electronics, Inc.
100 S. Turnpike Road
Wallingford, CT 06492
Email:ltravali@heilind.com
Tel: 203-949-2090
Fax: 203-949-2095

Imperial Metal Finishing
920 Honeyspot Road
Stratford, CT 06615
Email:imperialmetal@snetnet.com
Tel: 203-377-1229
Fax: 203-378-4101

BANK: The Milford Bank
33 Broad Street
Milford, CT 06460

Bank Contact: Mr. John F. Darin

E-Mail: jdarin@MilfordBank.com

Bank Phone: 203-783-5700 Fax No. 203-783-5755

Payment Policy: Discounts taken if available
Non-discounted bills paid on the following schedule:

Invoice Date	Payment Date
11th-25th	25th day of following month
26th-10th	10th day of following month

Teknoware Oy

Financial information

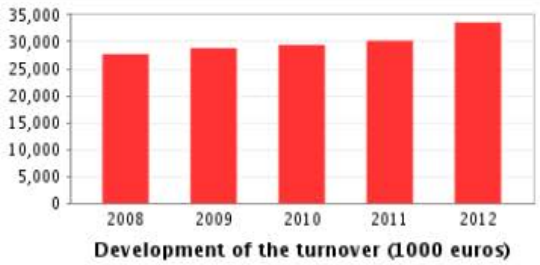
Financial ratio summary

Teknoware Oy	2008/12	2009/12	2010/12	2011/12	2012/12
Companys turnover (1000 EUR)	27722	28821	29412	30201	33592
Turnover change %	19.90	4.00	2.00	2.70	11.20
Result of the financial period (1000 EUR)	3699	3270	2063	2376	2528
Operating profit %	18.80	15.20	12.80	11.30	10.60
Company personnel headcount	204	214	222	233	243

Source: Suomen Asiakastieto

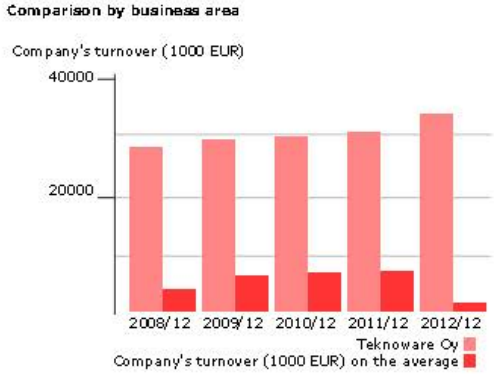
Show interpretation of key information

Turnover of company



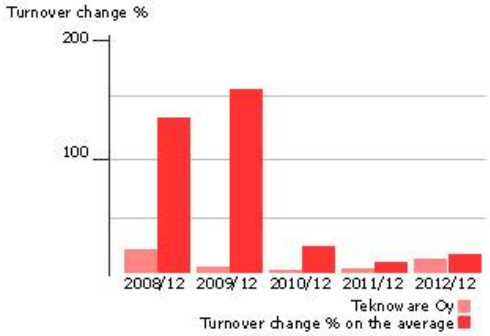
Source: Suomen Asiakastieto

Company's turnover (1000 EUR)

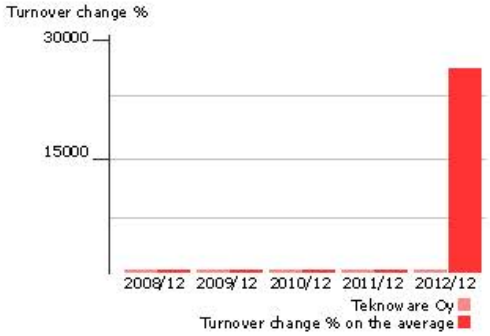


Turnover change %

Comparison by business area

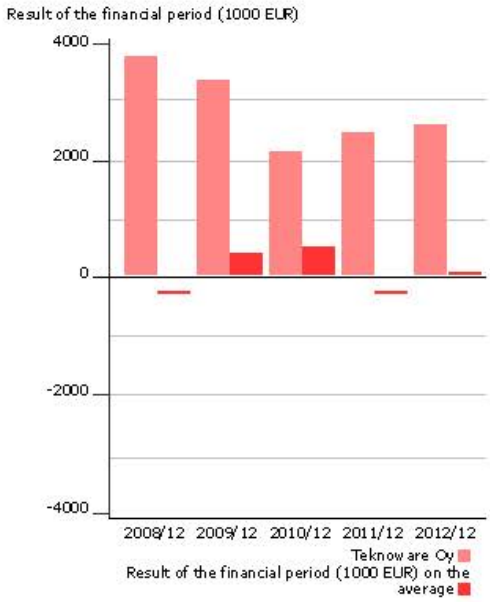


Comparison by category

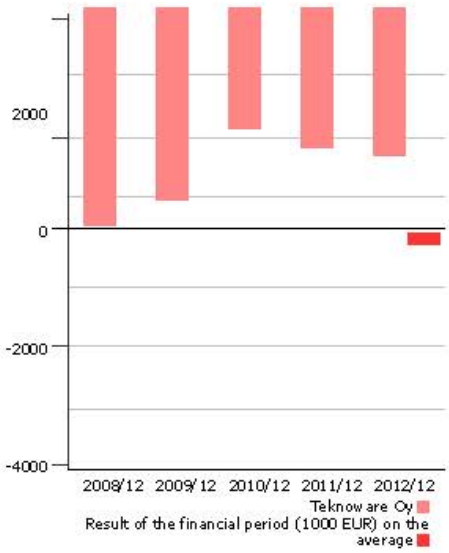


Result of the financial period (1000 EUR)

Comparison by business area

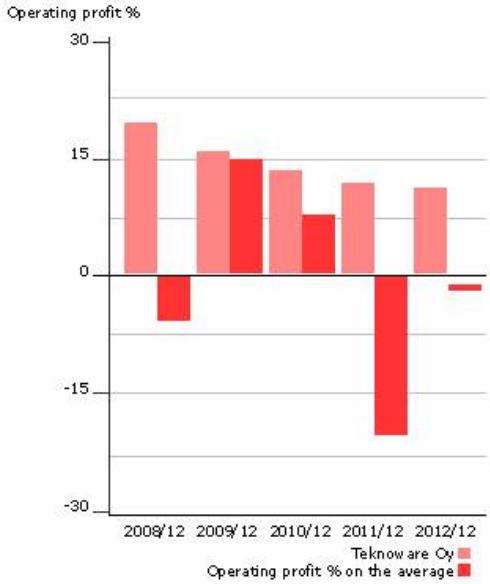


Comparison by category

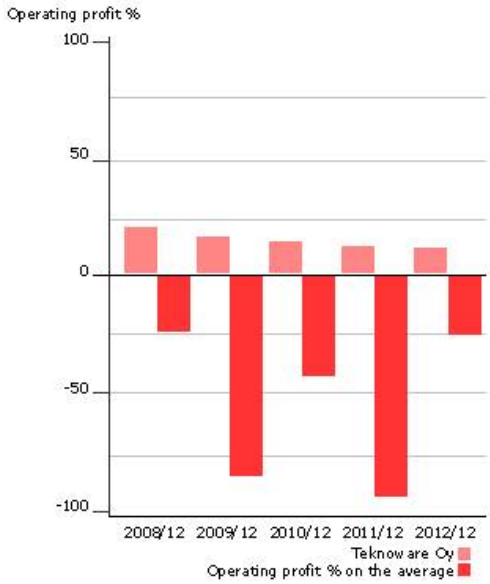


Operating profit %

Comparison by business area



Comparison by category



Company personnel headcount

Comparison by business area

Company personnel headcount

Comparison by category

CODE OF CONDUCT (Trans-Lite division of Teknoware)

Teknoware Code of Conduct sets out the principles and requirements of behavior that is expected of employees of all Teknoware companies and gives clear guidance about the behavior that is not tolerated.

All our employees are expected to read and understand the code and use it in their day-to-day work, always keeping in mind that they each have a personal responsibility to incorporate the principles. Employees, who have questions or concerns or notice any violations, are expected to speak up.

Trans-Lite division of Teknoware herby declares:

1. **Compliance with the law**
   We are committed to full compliance with all applicable national and international laws, regulations and generally accepted practices.

2. **Prohibition of corruption and bribery**
   We do not become involved in business relationships that may lead to conflicts of interest.

   We do not tolerate any form of corruption or bribery. We do not pay bribes or illegal payments to obtain or retain business. We do not pay to government officials in order to influence decision-making or facilitate favorable decisions from authorities.

   We refuse to participate in or support money-laundering under all circumstances in our operations worldwide.

   We do not accept gifts from business partners exceeding normal standards of hospitality.

3. **Respect for the basic rights of employees**
   We select, employ and compensate employees based on their personal qualifications and skills for the job. We promote and support equal opportunities and equal treatment of our employees irrespective of their color, race, nationality, social background, disability, sexual orientation, political or religious conviction, sex or age. We refuse to employ anyone against his will or force them to work.

   We appreciate diversity in our employees' background, talent, insight, education and experience, and believe this contributes to our success and sustainability by enhancing innovativeness, flexibility and the ability to communicate within Teknoware companies and with our customers and other stakeholders.

   We respect personal dignity, privacy and rights of each individual.

   We do not allow any unacceptable behavior that is physically coercive, threatening, abusive or exploitative, sexual harassment or discrimination.
4. **Prohibition of child labor**
   We do not use child labor or engage suppliers or contractors that do so. We do not hire Workers who are under 15 years old.

5. **Health and safety of employees**
   We take responsibility for health and safety of our employees. We work to prevent hazards, accidents and injuries by executing policies and actions that minimize, as far as is reasonably practicable. We establish and maintain systems and best practices to detect, avoid, respond to and treat potential occupational threats to the well-being and safety of all personnel.

6. **Environmental protection**
   We are committed to minimize environmental impacts and improve environmental protection. We are committed to full compliance with legal norms and international standards;

   We strive to expand the implementation of our environmental management practices in accordance with ISO 9001 standards and look for opportunities to maximize the use of best practices and synergies between our businesses.

7. **Supply chain**
   We expect our suppliers and contactors to demonstrate similar high ethical standards and, accordingly, this criterion is of prime importance when establishing or continuing business relationships.

October 4, 2013

Mr. Esa Melkko
President

TRANSTECH

1.1 QUESTIONS CONCERNING ELIGIBILITY & MANUFACTURING CAPABILITY

MBTA has requested the following questions be answered for major subsystem suppliers, including Propulsion, Trucks and Major Truck Components, Auxiliary Power, Low Voltage DC Power, HVAC, Carbody, Couplers / Draft Gear, Wheel Sets, Air Brake equipment and Controls, Cab Signal Equipment, Door Systems, Seats, Vehicle, Monitoring System, Network Equipment and Integrator, Communications Equipment including LED and LCD Signage, Lighting.

Provide short answers (and attach relevant documents) to the following questions and requests (if applicable):

1. Attach relevant Certificate of Good Standing from the Secretary of State of the commonwealth of Massachusetts. *TransTech and MBTA have had a business relationship since the early 1980's. We do not have this certificate but the MBTA can be contacted for our good standing with the Authority. Please call Dimitrios Martinos at the MBTA for a reference in regards to our business relationship. His number is 617-222-3111.*

2. Provide the names and telephone numbers of all business owners, shareholders if not a publicly held corporation, and/or members if a limited liability company. *Fandstan Electric LTD. 44-20-7306-9110*

3. Provide the names, title and telephone numbers of all officers. *Ian Paradis-President at 864-299-3870*

4. Has the business or an owner or shareholder of the business ever had a prior contractual relationship with the MBTA? If yes, please describe relationship. *TransTech is the current supplier for the #7 and #8 MBTA pantographs. We have been a supplier to MBTA since the early 1980's.*

5. Has the business or an owner or shareholder of the business ever been in default of any obligations under a contract with the MBTA, any other Massachusetts state agency or any federal agency? If yes, please describe the circumstances. Please indicate whether it resulted in a termination for cause. *No*

6. Have any of the business owners, shareholders, or officers every been convicted of felony violations of Federal, state or local laws? If yes, please describe the circumstances. *No*

7. Are there any pending recent law suits against the business or any of its owners or shareholders? If yes, please describe the circumstances. *No*

8. Provide the name, address, account number, contact person and telephone number of the insurance agent responsible for procuring insurance required by the Solicitation Documents. *See our Insurance Certificate attached.*

9. Provide the name, address, contact person and telephone of three business credit references, including but not limited to your primary banking institution. *See attached references.*

10. Has the business or any of the business's owners or shareholders ever filed for bankruptcy or invoked insolvency proceedings under state law? *No*

11. Provide the last three (3) years of audited financial statements, or reasonable equivalent of the Offeror. If the Offeror is a joint venture or other combination of business entities, provide the last three (3) years audited financial statements for each entity. *See attached*

12. Provide the business's current code of business ethics or equivalent. *See attached*

TransTech™
POWER TRANSFER SYSTEMS

CREDIT REFERENCES

Company Name & Address :

Transtech of SC, Inc.
709 Augusta Arbor Way
Piedmont, SC 29673
(864) 299-3870
(864) 422-9027 FAX

Vendors:

J.M. Tull Metals
Ryerson Tull
PO Box 6245
Station B
Greenville SC 29606
(864) 235-8855
(864) 242-1531

Universal Fasteners
5930 Old Mt. Holly Rd.
Charlotte, NC 28266
(800) 438-2922
(704) 394-0904 FAX

Carson Nut-Bolt & Tool Co.
301 Hammett St.
Greenville, SC 29609
(864) 242-4720
(864) 242-6821 FAX

Bank Information:

Wells Fargo (ACCT #2005400023910)
Linda Kennedy
PO Box 969
Greenville, SC 29602
(864) 467-2530
(864) 255-8357 FAX

297505

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 4/16/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME: Cathi Latham	
Commercial Lines Wells Fargo Insurance Services USA, Inc. PO Box 3478 Greenville, SC 29602	PHONE (A/C, No, Ext):	FAX (A/C, No): 877.865.7317
	E-MAIL ADDRESS: cathi.latham@wellsfargo.com	
	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A : Tokio Marine and Nichido Fire Ins Co, Ltd	12904
INSURED TransTech of South Carolina Inc 709 Augusta Arbor Way Piedmont SC 29673	INSURER B :	
	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	

COVERAGES **CERTIFICATE NUMBER:** 5921797 **REVISION NUMBER:** See below

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	**GENERAL LIABILITY** X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: X POLICY PRO-JECT LOC			CPP6406606 00	03/31/2013	03/31/2014	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 1,000,000 $ 100,000 $ 5,000 $ 1,000,000 $ 2,000,000 $ 2,000,000
A	**AUTOMOBILE LIABILITY** ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS			CPP6406606 00	03/31/2013	03/31/2014	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1,000,000 $ $ $
A	X **UMBRELLA LIAB** X OCCUR **EXCESS LIAB** CLAIMS-MADE DED X RETENTION $ 10,000			CU6406608 00	03/31/2013	03/31/2014	EACH OCCURRENCE AGGREGATE	$ 5,000,000 $ 5,000,000
A	**WORKERS COMPENSATION AND EMPLOYERS' LIABILITY** ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N: N **(Mandatory in NH)** If yes, describe under DESCRIPTION OF OPERATIONS below	N / A		WC6406607 00	03/31/2013	03/31/2014	X WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ 1,000,000 $ 1,000,000 $ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Evidence of Coverage

CERTIFICATE HOLDER

Evidence of Coverage

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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FANDSTAN ELECTRIC, INC.
AND SUBSIDIARY

Consolidated Financial
Statements

December 31, 2012 and 2011

(with Independent
Auditors' Report thereon)

FANDSTAN ELECTRIC, INC.
AND SUBSIDIARY

December 31, 2012 and 2011

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DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Independent Auditors' Report

The Board of Directors
Fandstan Electric, Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of Fandstan Electric, Inc. and Subsidiary (the "Company"), which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of income, stockholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Fandstan Electric, Inc. and Subsidiary as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

February 28, 2013

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Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

FANDSTAN ELECTRIC, INC.
AND SUBSIDIARY

Consolidated Balance Sheets

December 31, 2012 and 2011

Assets	**2012**	**2011**
Current assets:		
Cash and cash equivalents	$ 1,868,980	$ 2,634,352
Accounts receivable	2,120,767	1,754,580
Inventories, net	4,329,428	2,506,850
Prepaid expenses	77,902	232,699
Total current assets	8,397,077	7,128,481
Property, plant and equipment, net	1,961,056	1,521,864
Goodwill	3,355,507	3,355,507
Total assets	$ 13,713,640	$ 12,005,852
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable	$ 253,045	$ 253,254
Accrued liabilities	946,116	665,244
Customer deposits	857,256	37,497
Income taxes payable	49,192	54,490
Total current liabilities	2,105,609	1,010,485
Deferred income taxes	705,943	691,725
Stockholder's equity:		
Common stock, no par value, authorized 1,500 shares, issued and outstanding 100 shares	10,000	10,000
Additional paid-in capital	990,000	990,000
Retained earnings	9,902,088	9,303,642
Total stockholder's equity	10,902,088	10,303,642
Total liabilities and stockholder's equity	$ 13,713,640	$ 12,005,852

The accompanying notes are an integral part of these consolidated financial statements.

FANDSTAN ELECTRIC, INC.
AND SUBSIDIARY

Consolidated Statements of Income

For the Years Ended December 31, 2012 and 2011

	2012	2011
Net sales	$ 17,675,047	$ 16,644,516
Cost of sales	9,887,052	9,841,142
Gross profit	7,787,995	6,803,374
Selling, general and administrative expenses	3,865,882	3,329,812
Income from operations	3,922,113	3,473,562
Other income:		
Interest income	6	4,066
Other income	5,860	7,948
Total other income	5,866	12,014
Income before income taxes	3,927,979	3,485,576
Income tax expense	1,223,920	1,063,126
Net income	$ 2,704,059	$ 2,422,450

The accompanying notes are an integral part of these consolidated financial statements.

FANDSTAN ELECTRIC, INC.
AND SUBSIDIARY

Consolidated Statements of Stockholder's Equity

For the Years Ended December 31, 2012 and 2011

	Shares Common Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Total
Balance at December 31, 2010	100	$ 10,000	$ 990,000	$ 9,879,838	$ 10,879,838
Dividends	-	-	-	(2,998,646)	(2,998,646)
Net income	-	-	-	2,422,450	2,422,450
Balance at December 31, 2011	100	10,000	990,000	9,303,642	10,303,642
Dividends	-	-	-	(2,105,613)	(2,105,613)
Net income	-	-	-	2,704,059	2,704,059
Balance at December 31, 2012	100	$ 10,000	$ 990,000	$ 9,902,088	$ 10,902,088

The accompanying notes are an integral part of these consolidated financial statements.

FANDSTAN ELECTRIC, INC.
AND SUBSIDIARY

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Net income	$ 2,704,059	$ 2,422,450
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	219,980	198,186
Deferred income taxes	14,218	(3,223)
Reserve for inventory obsolescence	50,000	20,000
Net changes in operating assets and liabilities:		
Accounts receivable	(366,187)	(656,418)
Inventories	(1,872,578)	(214,576)
Prepaid expenses	154,797	(179,172)
Accounts payable	(209)	10,144
Accrued expenses	280,872	233,236
Customer deposits	819,759	(78,006)
Income taxes payable	(5,298)	(268,651)
Net cash provided by operating activities	1,999,413	1,483,970
Cash flows from investing activities:		
Purchase of property, plant and equipment	(659,172)	(331,734)
Cash flows from financing activities:		
Dividends paid	(2,105,613)	(2,998,646)
Net change in cash and cash equivalents	(765,372)	(1,846,410)
Cash and cash equivalents, at beginning of year	2,634,352	4,480,762
Cash and cash equivalents, at end of year	$ 1,868,980	$ 2,634,352

The accompanying notes are an integral part of these consolidated financial statements.

FANDSTAN ELECTRIC, INC.AND SUBSIDARY

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

1. **Summary of Significant Accounting Policies**

Organization - Fandstan Electric, Inc. (the "Parent") was incorporated in the State of Delaware, United States of America on October 3, 1994. The Parent's primary business, which is conducted through a subsidiary, is to manufacture, assemble and repair electrification products for the railroad and transit industries for customers primarily in North America. Its major products are pantographs and brushholders. The Parent is a wholly-owned subsidiary of Fandstan Electric Limited ("FEL"), which is based in the United Kingdom.

Principles of Consolidation - The consolidated financial statements include the accounts of the Parent and its wholly owned subsidiary, Transtech of South Carolina, Inc. ("TTSCI"), (collectively, the "Company"). All significant intercompany transactions and balances have been eliminated in consolidation.

Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of the statements of cash flows, cash and cash equivalents include cash in banks and highly liquid investments with a maturity of three months or less. The Company maintains cash balances that at various times throughout the year exceed federally insured amounts. The Company has not experienced losses in such deposit accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable - Accounts receivable from the sale of products or services are recorded at net realizable value and the Company grants credit to customers on an unsecured basis. The Company provides an allowance for doubtful collections that is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Normal trade receivables are due between 5 and 30 days after the issuance of the invoice. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. No allowance for doubtful accounts was necessary at December 31, 2012 or 2011.

Inventories - Inventories are stated at the lower of cost or market. Cost is determined using weighted-average first-in first-out method. Market is replacement cost for raw material and net realizable value for work-in-process and finished goods. The Company provides an allowance for obsolescence based upon the review of inventory and historical sales.

Property, Plant and Equipment - Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	39
Machinery and equipment	5 – 10
Office equipment	5
Computer software	3

Goodwill - The Company has classified as goodwill the cost in excess of fair value of the net assets of businesses acquired, including an acquisition of the minority interest of the subsidiary. Goodwill and intangible assets with indefinite useful lives are not amortized, but instead are tested at least annually for impairment. The Company determined there was no impairment of goodwill as of December 31, 2012 and 2011.

Income Taxes - Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements. Deferred income taxes are provided for the estimated tax effects of differences between the consolidated financial statement carrying amounts and the tax bases of recognized assets and liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company follows the Financial Accounting Standards Board's guidance on accounting for uncertainty in income taxes. The guidance clarifies the accounting for the recognition and measurement of the benefits of individual tax positions in the financial statements. Tax positions must meet a recognition threshold of more likely than not in order for the benefit of those tax positions to be recognized in the Company's consolidated financial statements. The Company has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2012. Fiscal years ending on or after December 31, 2009 remain subject to examination by federal and state tax authorities.

Revenue Recognition - Revenues and related expenses are recognized at the time of shipment.

Fair Value of Financial Instruments - The carrying value of cash, receivables and other financial instruments approximate their respective fair values.

2. Inventories

Inventories at December 31 consist of the following:

	2012	2011
Raw materials	$ 2,820,208	$ 1,295,637
Work-in-process	173,923	122,172
Finished goods	1,485,297	1,189,041
Less: Reserve for obsolescence	(150,000)	(100,000)
	$ 4,329,428	$ 2,506,850

3. Property, Plant and Equipment

Property, plant and equipment at December 31 consist of the following:

	2012	2011
Land	$ 423,489	$ 123,489
Building and improvements	1,445,111	1,392,584
Machinery and equipment	2,654,011	2,385,504
Office equipment	267,065	228,927
Computer software	98,956	98,956
Total property, plant and equipment	4,888,632	4,229,460
Less accumulated depreciation	2,927,576	2,707,596
Property, plant and equipment, net	$ 1,961,056	$ 1,521,864

4. Line of Credit

TTSCI has a $1,600,000 line of credit with a bank bearing interest at the bank's LIBOR rate plus 2.5%, expiring June 25, 2013. The agreement is collateralized by substantially all of the assets of the Company. At December 31, 2012 and 2011, there were no outstanding balances on this line of credit.

5. Income Taxes

Deferred tax liabilities are principally the result of depreciation and amortization for income tax purposes in excess of that provided for financial reporting purposes.

The components of the provision for income tax expense are summarized as follows:

	2012	2011
Current income tax expense:		
Federal	$ 1,195,575	$ 1,053,219
State	14,127	13,130
Total current	1,209,702	1,066,349
Deferred income tax expense (benefit):		
Federal	28,297	2,989
State	(14,079)	(6,212)
Total deferred	14,218	(3,223)
Total income tax expense	$ 1,223,920	$ 1,063,126

Actual income tax expense differs from the expected income tax expense, computed by applying the Federal corporate rate of 34% to income before taxes as follows:

	2012	2011
Computed income tax expense	$ 1,336,000	$ 1,185,000
Effect of:		
State income taxes, net of federal benefit	9,525	4,570
Nondeductible expenses	5,265	4,720
Nontaxable income	(125,700)	(118,000)
Other	(1,170)	(13,164)
Total provision for income taxes	$ 1,223,920	$ 1,063,126

Total income taxes paid during 2012 and 2011 amounted to approximately $1,215,000 and $1,335,000, respectively.

6. Employee Benefit Plan

TTSCI sponsors a qualified deferred compensation plan under section 401(k) of the Internal Revenue Code for all eligible employees. Under the plan, employees may elect to defer up to 20% of their salary, subject to the Internal Revenue Service limits. TTSCI makes discretionary matching contributions, subject to limits as provided in the plan. Contributions for the years ended December 31, 2012 and 2011 were approximately $366,000 and $317,000 respectively.

7. Related Party Transactions

TTSCI paid FEL management fees of $77,500 during 2012 and 2011.

TTSCI has license agreements with two companies related by common ownership to manufacture and sell their products. TTSCI also purchases parts from and sells products to these related parties. Transactions and balances due to/from these related parties are summarized as follows:

	2012	2011
Purchases	$ 671,833	$ 504,876
Sales	132,706	122,639
Commission income	8,965	22,433
Accounts payable (net of accounts receivable at year end)	12,917	33,799
Royalty expense	200,746	261,688
Prepaid royalty expense at year end	-	14,853

8. Business Concentrations

The Company sells its products to a wide range of customers. No customers accounted for more than 10% of sales for the year ended December 31, 2012. Sales to one customer accounted for approximately 11% of the Company's 2011 net sales. This customer did not have outstanding accounts receivable at December 31, 2011.

During the years ended December 31, 2012 and 2011, one unrelated vendor accounted for approximately 13% and 15% of net purchases, respectively.

See Note 7 regarding sales and purchases from customers and vendors related by common ownership.

9. Subsequent Events

The Company evaluated the effect subsequent events would have on the financial statements through February 28, 2013, which is the date the financial statements were available to be issued.

FANDSTAN ELECTRIC, INC. AND SUBSIDIARY

Consolidated Financial Statements

December 31, 2011 and 2010

(with Independent Auditors' Report thereon)

FANDSTAN ELECTRIC, INC.
AND SUBSIDIARY

December 31, 2011 and 2010

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Independent Auditors' Report

The Board of Directors
Fandstan Electric, Inc. and Subsidiary

We have audited the accompanying consolidated balance sheets of Fandstan Electric, Inc. and Subsidiary (the "Company") as of December 31, 2011 and 2010, and the related consolidated statements of income, stockholder's equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Fandstan Electric, Inc. and Subsidiary as of December 31, 2011 and 2010, and the results of their operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

February 27, 2012

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Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

FANDSTAN ELECTRIC, INC.
AND SUBSIDIARY

Consolidated Balance Sheets

December 31, 2011 and 2010

Assets	**2011**	**2010**
Current assets:		
Cash and cash equivalents	$ 2,634,352	$ 4,480,762
Accounts receivable	1,754,580	1,098,162
Inventories, net	2,506,850	2,312,274
Prepaid expenses	232,699	53,527
Total current assets	7,128,481	7,944,725
Property, plant and equipment, net	1,521,864	1,388,316
Goodwill	3,355,507	3,355,507
Total assets	$ 12,005,852	$ 12,688,548
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable	$ 253,254	$ 243,110
Accrued liabilities	665,244	432,008
Customer deposits	37,497	115,503
Income taxes payable	54,490	323,141
Total current liabilities	1,010,485	1,113,762
Deferred income taxes	691,725	694,948
Stockholder's equity:		
Common stock, no par value, authorized 1,500 shares, issued and outstanding 100 shares	10,000	10,000
Additional paid-in capital	990,000	990,000
Retained earnings	9,303,642	9,879,838
Total stockholder's equity	10,303,642	10,879,838
Total liabilities and stockholder's equity	$ 12,005,852	$ 12,688,548

The accompanying notes are an integral part of these consolidated financial statements.

FANDSTAN ELECTRIC, INC.
AND SUBSIDIARY

Consolidated Statements of Income

For the Years Ended December 31, 2011 and 2010

	2011	2010
Net sales	$ 16,644,518	$ 12,636,115
Cost of sales	9,841,143	7,064,812
Gross profit	6,803,375	5,571,303
Selling, general and administrative expenses	3,329,813	2,747,558
Income from operations	3,473,562	2,823,745
Other income:		
Interest income	4,066	1,890
Other income	7,948	2,464
Total other income	12,014	4,354
Income before income taxes	3,485,576	2,828,099
Income tax expense	1,063,126	833,513
Net income	$ 2,422,450	$ 1,994,586

The accompanying notes are an integral part of these consolidated financial statements.

FANDSTAN ELECTRIC, INC.
AND SUBSIDIARY

Consolidated Statements of Stockholder's Equity

For the Years Ended December 31, 2011 and 2010

	Shares Common Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Total
Balance at December 31, 2009	100	$ 10,000	$ 990,000	$ 8,193,519	$ 9,193,519
Dividends	-	-	-	(308,267)	(308,267)
Net income	-	-	-	1,994,586	1,994,586
Balance at December 31, 2010	100	10,000	990,000	9,879,838	10,879,838
Dividends	-	-	-	(2,998,646)	(2,998,646)
Net income	-	-	-	2,422,450	2,422,450
Balance at December 31, 2011	100	$ 10,000	$ 990,000	$ 9,303,642	$ 10,303,642

The accompanying notes are an integral part of these consolidated financial statements.

FANDSTAN ELECTRIC, INC.
AND SUBSIDIARY

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Net income	$ 2,422,450	$ 1,994,586
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	198,186	184,843
Deferred income taxes	(3,223)	(92,983)
Net changes in operating assets and liabilities:		
Accounts receivable	(656,418)	307,274
Inventories	(194,576)	417,105
Prepaid expenses	(179,172)	74,565
Accounts payable	10,144	(10,675)
Accrued expenses	233,236	47,875
Customer deposits	(78,006)	(102,216)
Income taxes payable	(268,651)	323,141
Net cash provided by operating activities	1,483,970	3,143,515
Cash flows from investing activities:		
Purchase of property, plant and equipment	(331,734)	(150,595)
Cash flows from financing activities:		
Dividends paid	(2,998,646)	(308,267)
Net change in cash and cash equivalents	(1,846,410)	2,684,653
Cash and cash equivalents, at beginning of year	4,480,762	1,796,109
Cash and cash equivalents, at end of year	$ 2,634,352	$ 4,480,762

The accompanying notes are an integral part of these consolidated financial statements.

FANDSTAN ELECTRIC, INC.AND SUBSIDARY

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

1. **Summary of Significant Accounting Policies**

Organization - Fandstan Electric, Inc. (the "Parent") was incorporated in the State of Delaware, United States of America on October 3, 1994. The Parent's primary business, which is conducted through a subsidiary, is to manufacture, assemble and repair electrification products for the railroad and transit industries for customers primarily in North America. Its major products are pantographs and brushholders. The Parent is a wholly-owned subsidiary of Fandstan Electric Limited ("FEL"), which is based in the United Kingdom.

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Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of the statements of cash flows, cash and cash equivalents include cash in banks and highly liquid investments with a maturity of three months or less. The Company maintains cash balances that at various times throughout the year exceed federally insured amounts. The Company has not experienced losses in such deposit accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable - Accounts receivable from the sale of products or services are recorded at net realizable value and the Company grants credit to customers on an unsecured basis. The Company provides an allowance for doubtful collections that is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Normal trade receivables are due between 5 and 30 days after the issuance of the invoice. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. No allowance for doubtful accounts was necessary at December 31, 2011 or 2010.

Inventories - Inventories are stated at the lower of cost or market. Cost is determined using weighted-average first-in first-out method. Market is replacement cost for raw material and net realizable value for work-in-process and finished goods. The Company provides an allowance for obsolescence based upon the review of inventory and historical sales.

Property, Plant and Equipment - Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	39
Machinery and equipment	5 – 10
Office equipment	5
Computer software	3

Goodwill - The Company has classified as goodwill the cost in excess of fair value of the net assets of businesses acquired, including an acquisition of the minority interest of the subsidiary. Goodwill and intangible assets with indefinite useful lives are not amortized, but instead are tested at least annually for impairment. The Company determined there was no impairment of goodwill as of December 31, 2011 and 2010.

Income Taxes - Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements. Deferred income taxes are provided for the estimated tax effects of differences between the consolidated financial statement carrying amounts and the tax bases of recognized assets and liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company follows the Financial Accounting Standards Board's guidance on accounting for uncertainty in income taxes. The guidance clarifies the accounting for the recognition and measurement of the benefits of individual tax positions in the financial statements. Tax positions must meet a recognition threshold of more likely than not in order for the benefit of those tax positions to be recognized in the Company's consolidated financial statements. The Company has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2011. Fiscal years ending on or after December 31, 2008 remain subject to examination by federal and state tax authorities.

Revenue Recognition - Revenues and related expenses are recognized at the time of shipment.

Fair Value of Financial Instruments - The carrying value of cash, receivables and other financial instruments approximate their respective fair values.

2. Inventories

Inventories at December 31 consist of the following:

	2011	2010
Raw materials	$ 1,295,637	$ 1,204,003
Work-in-process	122,172	156,373
Finished goods	1,189,041	1,031,898
Less: Reserve for obsolescence	(100,000)	(80,000)
	$ 2,506,850	$ 2,312,274

3. Property, Plant and Equipment

Property, plant and equipment at December 31 consist of the following:

	2011	2010
Land	$ 123,489	$ 123,489
Building and improvements	1,392,584	1,269,625
Machinery and equipment	2,385,504	2,189,527
Office equipment	228,927	216,129
Computer software	98,956	98,956
Total property, plant and equipment	4,229,460	3,897,726
Less accumulated depreciation	2,707,596	2,509,410
Property, plant and equipment, net	$ 1,521,864	$ 1,388,316

4. Line of Credit

TTSCI has a $1,500,000 line of credit with a bank bearing interest at the bank's LIBOR rate plus 2.5%, expiring June 25, 2012. The agreement is collateralized by substantially all of the assets of the Company. At December 31, 2011 and 2010, there were no outstanding balances on this line of credit.

5. Income Taxes

Deferred tax liabilities are principally the result of depreciation and amortization for income tax purposes in excess of that provided for financial reporting purposes.

The components of the provision for income tax expense are summarized as follows:

	2011	2010
Current income tax expense:		
Federal	$ 1,053,219	$ 897,234
State	13,130	29,262
Total current	1,066,349	926,496
Deferred income tax expense (benefit):		
Federal	2,989	(12,801)
State	(6,212)	(80,182)
Total deferred	(3,223)	(92,983)
Total income tax expense	$ 1,063,126	$ 833,513

Actual income tax expense differs from the expected income tax expense, computed by applying the Federal corporate rate of 34% to income before taxes as follows:

	2011	2010
Computed income tax expense	$ 1,185,000	$ 961,550
Effect of:		
State income taxes, net of federal benefit	4,570	18,375
Nondeductible expenses	4,720	4,825
Nontaxable income	(118,000)	(71,500)
Change in effective state rates	-	(80,000)
Other	(13,164)	263
Total provision for income taxes	$ 1,063,126	$ 833,513

Total income taxes paid during 2011 and 2010 amounted to approximately $1,335,000 and $575,000, respectively.

6. Employee Benefit Plan

TTSCI sponsors a qualified deferred compensation plan under section 401(k) of the Internal Revenue Code for all eligible employees. Under the plan, employees may elect to defer up to 5% of their salary, subject to the Internal Revenue Service limits. TTSCI makes discretionary matching contributions, subject to limits as provided in the plan. Contributions for the years ended December 31, 2011 and 2010 were approximately $317,000 and $234,000, respectively.

7. Related Party Transactions

TTSCI paid FEL management fees of $77,500 during 2011 and 2010.

TTSCI has license agreements with two companies related by common ownership to manufacture and sell their products. TTSCI also purchases parts from and sells products to these related parties. Transactions and balances due to/from these related parties are summarized as follows:

	2011	2010
Purchases	$ 504,876	$ 792,732
Sales	122,639	97,932
Commission income	22,433	3,335
Accounts payable (net of accounts receivable at year end)	33,799	84,633
Royalty expense	261,688	292,579
Prepaid royalty expense at year end	14,853	45,895

8. Business Concentrations

The Company sells its products to a wide range of customers. Sales to one customer accounted for approximately 11% and 12% of the Company's 2011 and 2010 net sales, respectively. This customer did not have outstanding accounts receivable at December 31, 2011 or 2010.

During the years ended December 31, 2011 and 2010, one unrelated vendor accounted for approximately 15% and 10% of net purchases, respectively.

See Note 7 regarding sales and purchases from customers and vendors related by common ownership.

9. Subsequent Events

The Company evaluated the effect subsequent events would have on the financial statements through February 27, 2012, which is the date the financial statements were available to be issued.

FANDSTAN ELECTRIC, INC.
AND SUBSIDIARY

Consolidated Financial Statements

December 31, 2010 and 2009

(with Independent Auditors' Report thereon)

FANDSTAN ELECTRIC, INC.
AND SUBSIDIARY

December 31, 2010 and 2009

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DIXON HUGHES PLLC
Certified Public Accountants and Advisors

Independent Auditors' Report

The Board of Directors
Fandstan Electric, Inc. and Subsidiary

We have audited the accompanying consolidated balance sheets of Fandstan Electric, Inc. and Subsidiary (the "Company") as of December 31, 2010 and 2009, and the related consolidated statements of income, stockholder's equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Fandstan Electric, Inc. and Subsidiary as of December 31, 2010 and 2009, and the results of their operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Dixon Hughes PLLC

March 15, 2011

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Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

FANDSTAN ELECTRIC, INC.
AND SUBSIDIARY

Consolidated Balance Sheets

December 31, 2010 and 2009

Assets	**2010**	**2009**
Current assets:		
Cash and cash equivalents	$ 4,480,762	$ 1,796,109
Accounts receivable, net	1,098,162	1,377,081
Income taxes receivable	-	28,355
Inventories	2,312,274	2,729,379
Prepaid expenses	53,527	128,092
Total current assets	7,944,725	6,059,016
Property, plant and equipment, net	1,388,316	1,422,564
Goodwill	3,355,507	3,355,507
Total assets	$ 12,688,548	$ 10,837,087
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable	$ 243,110	$ 253,785
Accrued liabilities	432,008	384,133
Customer deposits	115,503	217,719
Income taxes payable	323,141	-
Total current liabilities	1,113,762	855,637
Deferred income taxes	694,948	787,931
Stockholder's equity:		
Common stock, no par value, authorized 1,500 shares, issued and outstanding 100 shares	10,000	10,000
Additional paid-in capital	990,000	990,000
Retained earnings	9,879,838	8,193,519
Total stockholder's equity	10,879,838	9,193,519
Total liabilities and stockholder's equity	$ 12,688,548	$ 10,837,087

The accompanying notes are an integral part of these consolidated financial statements.

FANDSTAN ELECTRIC, INC.
AND SUBSIDIARY

Consolidated Statements of Income

For the Years Ended December 31, 2010 and 2009

	2010	2009
Net sales	$ 12,636,115	$ 9,191,833
Cost of sales	7,064,812	4,998,438
Gross profit	5,571,303	4,193,395
Selling, general and administrative expenses	2,747,558	2,347,322
Income from operations	2,823,745	1,846,073
Other income:		
Interest income	1,890	6,533
Other income	2,464	15,258
Total other income	4,354	21,791
Income before income taxes	2,828,099	1,867,864
Income tax expense	833,513	634,797
Net income	$ 1,994,586	$ 1,233,067

The accompanying notes are an integral part of these consolidated financial statements.

FANDSTAN ELECTRIC, INC.
AND SUBSIDIARY

Consolidated Statements of Stockholder's Equity

For the Years Ended December 31, 2010 and 2009

	Shares Common Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Total
Balance at December 31, 2008	100	$ 10,000	$ 990,000	$ 7,402,642	$ 8,402,642
Dividends	-	-	-	(442,190)	(442,190)
Net income	-	-	-	1,233,067	1,233,067
Balance at December 31, 2009	100	10,000	990,000	8,193,519	9,193,519
Dividends	-	-	-	(308,267)	(308,267)
Net income	-	-	-	1,994,586	1,994,586
Balance at December 31, 2010	100	$ 10,000	$ 990,000	$ 9,879,838	$ 10,879,838

The accompanying notes are an integral part of these consolidated financial statements.

FANDSTAN ELECTRIC, INC.
AND SUBSIDIARY

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Net income	$ 1,994,586	$ 1,233,067
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	184,843	151,014
Deferred income taxes	(92,983)	89,074
Net changes in operating assets and liabilities:		
Accounts receivable	307,274	205,058
Income taxes receivable	-	(28,355)
Inventories	417,105	(462,392)
Prepaid expenses	74,565	(983)
Accounts payable	(10,675)	23,389
Accrued expenses	47,875	(1,248,857)
Customer deposits	(102,216)	50,979
Income taxes payable	323,141	(69,922)
Net cash provided (used) by operating activities	3,143,515	(57,928)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(150,595)	(353,646)
Cash flows from financing activities:		
Dividends paid	(308,267)	(442,190)
Net change in cash and cash equivalents	2,684,653	(853,764)
Cash and cash equivalents, at beginning of year	1,796,109	2,649,873
Cash and cash equivalents, at end of year	$ 4,480,762	$ 1,796,109

The accompanying notes are an integral part of these consolidated financial statements.

FANDSTAN ELECTRIC, INC.AND SUBSIDARY

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

1. **Summary of Significant Accounting Policies**

Organization - Fandstan Electric, Inc. (the "Parent") was incorporated in the State of Delaware, United States of America on October 3, 1994. The Parent's primary business, which is conducted through a subsidiary, is to manufacture, assemble and repair electrification products for the railroad and transit industries for customers primarily in North America. Its major products are pantographs and brushholders. The Parent is a wholly-owned subsidiary of Fandstan Electric Limited ("FEL"), which is based in the United Kingdom.

Principles of Consolidation - The consolidated financial statements include the accounts of the Parent and its wholly owned subsidiary, Transtech of South Carolina, Inc. ("TTSCI"), (collectively, the "Company"). All significant intercompany transactions and balances have been eliminated in consolidation.

Estimates - The preparation of consolidated financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of the statements of cash flows, cash and cash equivalents include cash in banks and highly liquid investments with a maturity of three months or less. The Company maintains cash balances that at various times throughout the year exceed federally insured amounts. The Company has not experienced losses in such deposit accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable - Accounts receivable from the sale of products or services are recorded at net realizable value and the Company grants credit to customers on an unsecured basis. The Company provides an allowance for doubtful collections that is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Normal trade receivables are due between 5 and 30 days after the issuance of the invoice. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. No allowance for doubtful accounts was necessary at December 31, 2010 or 2009.

Inventories - Inventories are stated at the lower of cost or market. Cost is determined using weighted-average first-in first-out method. Market is replacement cost for raw material and net realizable value for work-in-process and finished goods.

Property, Plant and Equipment - Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	39
Machinery and equipment	5 – 10
Office equipment	5
Computer software	3 – 5

Goodwill - The Company has classified as goodwill the cost in excess of fair value of the net assets of businesses acquired, including an acquisition of the minority interest of the subsidiary. Goodwill and intangible assets with indefinite useful lives are not amortized, but instead are tested at least annually for impairment. The Company determined there was no impairment of goodwill as of December 31, 2010 and 2009.

Income Taxes - Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements. Deferred income taxes are provided for the estimated tax effects of differences between the consolidated financial statement carrying amounts and the tax bases of recognized assets and liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company follows the Financial Accounting Standards Board's guidance on accounting for uncertainty in income taxes. The guidance clarifies the accounting for the recognition and measurement of the benefits of individual tax positions in the financial statements. Tax positions must meet a recognition threshold of more likely than not in order for the benefit of those tax positions to be recognized in the Company's consolidated financial statements. The Company has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2010 and the adoption of the guidance did not have material effect on the Company's financial position or results of operations. Fiscal years ending on or after December 31, 2007 remain subject to examination by federal and state tax authorities.

Revenue Recognition - Revenues and related expenses are recognized at the time of shipment.

Fair Value of Financial Instruments - The carrying value of cash, receivables and other financial instruments approximate their respective fair values.

2. Inventories

Inventories at December 31 consist of the following:

	2010	2009
Raw materials	$ 1,204,003	$ 1,319,088
Work-in-process	156,373	116,204
Finished goods	951,898	1,294,087
	$ 2,312,274	$ 2,729,379

3. Property, Plant and Equipment

Property, plant and equipment at December 31 consist of the following:

	2010	2009
Land	$ 123,489	$ 123,489
Building and improvements	1,269,625	1,213,290
Machinery and equipment	2,189,527	2,113,903
Office equipment	216,129	202,788
Computer software	98,956	93,661
Total property, plant and equipment	3,897,726	3,747,131
Less accumulated depreciation	2,509,410	2,324,567
Property, plant and equipment, net	$ 1,388,316	$ 1,422,564

4. Line of Credit

TTSCI has a $1,500,000 line of credit with a bank bearing interest at the bank's LIBOR rate plus 2.5%, expiring June 25, 2011. The agreement is collateralized by substantially all of the assets of the Company. At December 31, 2010 and 2009, there were no outstanding balances on this line of credit.

5. Income Taxes

Deferred tax liabilities are principally the result of depreciation and amortization for income tax purposes in excess of that provided for financial reporting purposes.

The components of the provision for income tax expense are summarized as follows:

	2010	2009
Current income tax expense:		
Federal	$ 897,234	$ 519,842
State	29,262	25,881
Total current	926,496	545,723
Deferred income tax expense (benefit):		
Federal	(12,801)	85,118
State	(80,182)	3,956
Total deferred	(92,983)	89,074
Total income tax expense	$ 833,513	$ 634,797

Actual income tax expense differs from the expected income tax expense, computed by applying the Federal corporate rate of 34% to income before taxes as follows:

	2010	2009
Computed income tax expense	$ 961,550	$ 635,070
Effect of:		
State income taxes, net of federal benefit	18,375	19,690
Nondeductible expenses	4,825	3,480
Nontaxable income	(71,500)	(26,600)
Change in effective state rates	(80,000)	-
Other	263	3,157
Total provision for income taxes	$ 833,513	$ 634,797

Total income taxes paid during 2010 and 2009 amounted to approximately $575,000 and $446,000, respectively.

6. Employee Benefit Plan

TTSCI sponsors a qualified deferred compensation plan under section 401(k) of the Internal Revenue Code for all eligible employees. Under the plan, employees may elect to defer up to 5% of their salary, subject to the Internal Revenue Service limits. TTSCI makes discretionary matching contributions, subject to limits as provided in the plan. Contributions for the years ended December 31, 2010 and 2009 were approximately $234,000 and $204,000, respectively.

7. Related Party Transactions

TTSCI paid FEL management fees of $77,500 during 2010 and 2009.

TTSCI has license agreements with two companies related by common ownership to manufacture and sell their products. TTSCI also purchases parts from and sells products to these related parties. Transactions and balances due to/from these related parties are summarized as follows:

	2010	2009
Purchases	$ 792,732	$ 616,261
Sales	97,932	75,715
Commission income	3,335	4,143
Accounts payable (net of accounts receivable at year end)	84,633	149,369
Royalty expense	292,579	259,430
Prepaid royalty expense at year end	45,895	72,946

8. Business Concentrations

The Company sells its products to a wide range of customers. Sales to one customer accounted for approximately 12% of the Company's 2010 net sales. This customer did not have outstanding accounts receivable at December 31, 2010. Sales to one customer accounted for approximately 12% of the Company's 2009 net sales, and approximately 10% of the accounts receivable at December 31, 2009.

During the year ended December 31, 2010, one unrelated vendor accounted for approximately 10% of net purchases. In addition, see Note 7 regarding purchases from vendors related by common ownership. No purchase concentrations existed during 2009.

9. Subsequent Events

The Company evaluated the effect subsequent events would have on the financial statements through March 15, 2011, which is the date the financial statements were available to be issued.

DISCLAIMER: THIS DOCUMENT IS NOT A CONTRACT OF EMPLOYMENT. PRIOR DOCUMENTS ON THIS SUBJECT ARE REVOKED. EMPLOYMENT WITH TRANSTECH OF SOUTH CAROLINA, INC IS AT WILL.

1. Code of Ethics

It is the policy of TransTech to manufacture and sell only products that are safe, of good quality, and otherwise fully in compliance with all applicable legal requirements. All TransTech employees shall conduct TransTech's business in accordance with the highest standards of honesty and integrity, which include but are not limited to:

(1) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interests between personal and professional relationships;

(2) full, fair, accurate, timely, and understandable disclosure in the periodic reports required to be filed by the Company;

(3) compliance with applicable governmental rules and regulations;

(4) the prompt internal reporting of violations of this Code of Ethics to the President or one of his direct reports.

It is TransTech's policy that its operations are to be conducted according to the highest standard of business integrity and that its employees shall not engage in activities that might conflict with their responsibilities to TransTech. TransTech employees shall not have any business or other affiliations or arrangements that create a real or apparent conflict with the loyalty they owe to TransTech and their colleagues at TransTech. It is TransTech's policy to comply fully with all laws, regulations, and standards of conduct that apply to it or its products, in every jurisdiction in which TransTech does business. TransTech employees shall make only true and accurate statements and representations in TransTech records or to government agencies, suppliers, customers, the press, and the general public.

This policy contains a Code of Ethics and guidelines that are intended to assist employees in making decisions on behalf of TransTech and in avoiding conflicts of interest. No guidelines can be all-inclusive, however, and responsibility for proper conduct rests with each employee. There is no substitute for personal integrity and good judgment. An employee faced with making a decision in a difficult situation should consider whether such employee would feel comfortable if the decision became public knowledge. If the employee believes the decision could be criticized from a legal or ethical standpoint, the employee is encouraged to discuss the matter with their functional supervisor.

2. Persons Covered

The Code of Ethics and Business Conduct policy is effective for all employees.

Because this important policy applies to all employees, each employee must read it carefully. In addition, TransTech will periodically circulate notices reminding all employees of their obligations under the policy. There may be situations where the policy also applies to spouses, family members and others who live in their households. In particular, TransTech employees may not do indirectly through a family member what they cannot do directly.

Employees should not hesitate to ask their supervisor or a more senior manager if they have questions concerning this policy. The President or Management Team may be consulted regarding interpretation or applicability of this policy in general, or with regard to a specific situation. While it is not possible to describe every situation to which this policy may apply, the Company deems the following guidelines to be particularly important.

3. Business Conduct

A. Payments to Customers or Suppliers

No effort may be made, directly or indirectly, to influence improperly a TransTech customer or supplier. The payment of bribes, payoffs, kickbacks or other benefits that may improperly influence business relationships between TransTech and its customers or suppliers is prohibited. Such conduct is illegal and may violate state and federal criminal laws.

B. Payments to Government Officials or Employees

Corporate funds or other assets may not be paid or furnished, directly or indirectly, to a government official, employee or politician for the purpose of obtaining or maintaining business on behalf of TransTech or any of its subsidiaries. Such conduct is illegal and may violate state and federal criminal laws, including the Foreign Corrupt Practices Act.

C. Political Contributions

No corporate funds or other assets may be paid or furnished, directly or indirectly, to a political party or political candidate or incumbent, except if legally permissible and if approved in advance by the Company. All requests must be presented in writing to the President or his direct reports. No political contributions by individual employees may be made in the name of TransTech or be reimbursed by it, directly or indirectly.

D. Gifts and Entertainment

Gifts, favors or entertainment may not be provided by or on behalf of TransTech to a customer, supplier, government employee or other person or organization, unless all of the following criteria are met:

- The item is consistent with the normal and accepted business ethics of the country in which it is provided;
- It does not violate the laws of the United States or the country in which it is provided;
- It is reasonable and not excessive;
- It cannot, in the surrounding circumstances, be reasonably construed as a bribe, payoff or kickback; and
- Public disclosure of it would not embarrass TransTech.

In no circumstances may gifts be made of cash or cash equivalents. Gift certificates, however, may be given if they are reasonable, comply with the foregoing standards, and are properly documented and approved in writing by any two of the following: The President and a member of the Management Team.

E. Payments outside Recipient's Domicile or Resident Country

Payment by TransTech of salaries or amounts for goods or services that is to be made outside the domicile or resident country of the recipient must be reviewed and approved in advance by TransTech's President.

F. Agents, Brokers and Consultants

Payments to agents, brokers, consultants, professionals or other parties representing TransTech must be limited to reasonable compensation for services rendered plus reimbursement for legitimate expenses incurred. Contracts entered into with such parties must disclose fully the fees to be paid and the services to be rendered.

No such party may be engaged by TransTech to make payments or take action that would be in conflict with any provisions of this policy.

G. Accounting Procedures

All transactions must be properly recorded on TransTech's books and records.

No unrecorded bank accounts, corporate funds or assets may be maintained, and all entries made in any corporate books or records must be accurate and comply with TransTech's policies and procedures.

H. Documentation

Corporate funds may not be paid with the intent or understanding that any part of such payment is to be used for a purpose other than that described by the documents supporting such payment.

Documentation may also be important as a historical record of actions taken by TransTech with regard to other business and personnel action. Any documentation made should comply with reporting requirements of the Company and any applicable governmental agency providing oversight or having jurisdiction over such matters.

Documentation should be accurate and retained as provided by statute, regulation or direction by such agencies. The destruction, alteration or falsification of documents or records with the intent to impede, obstruct or influence the investigation or proper administration of any matter within the jurisdiction of any department of agency of the United States is strictly prohibited.

I. Compliance With Laws

It is TransTech's policy to comply with the laws of all jurisdictions in which it does business. Therefore, it is each employee's responsibility to ensure that TransTech's business is conducted in a manner that complies with governmental regulations; antitrust laws (see discussion below); environmental laws; exchange and import/export controls; workplace safety laws; equal employment opportunity laws; financial disclosure and reporting laws; securities laws (see discussion below); tax laws; and all other laws and regulations of the United States and other jurisdictions that may be applicable to its business.

4. Foreign Corrupt Practices Act

The Foreign Corrupt Practices Act (the "FCPA") prohibits any TransTech employee from, directly or indirectly, paying or giving (or offering or promising to pay or give) any funds or anything of value to any foreign official or other "Covered Person" (as defined below) for the purpose of (a) influencing any act or decision of the Covered Person in that person's official capacity, (b) inducing the Covered Person to do or omit to do any act in violation of that person's lawful duty, or (c) inducing the Covered Person to use his, her or its influence with a foreign government or instrumentality to affect or influence any act or decision of that government or instrumentality. The FCPA also prohibits paying or giving funds or anything of value to any person while knowing that all or a portion thereof will be forwarded to a Covered Person for a purpose proscribed by the FCPA.

For purposes of the FCPA, "foreign" means outside of the United States. "Covered Person" includes any foreign official (which includes, without limitation, an officer or employee of any foreign government of any governmental department, agency or instrumentality or any government owned or controlled enterprise or any person acting in an official capacity for or on behalf of such governmental department, agency, instrumentality or enterprise), foreign political party, foreign party official or candidate for foreign political office.

Facilitating payments in nominal amounts may be requested by low-ranking government employees outside the United States regarding their performance of routine, non-discretionary functions or services which they are obliged to perform as part of their responsibilities but which they may delay or refuse to perform unless compensated.

Examples of such services would be the issuing of visas or customs documents. The request for any such payment should be promptly reported to the Board of Directors or to the President.

5. Conflicts of Interest

A. Gifts and Entertainment

No employee may accept a gift, favor or entertainment from a customer, vendor or other person or organization in connection with TransTech's business unless all of the following criteria are met:

- The item is consistent with the normal and accepted business ethics of the country in which it is provided;
- It does not violate the laws of the United States or the country in which it is provided (see discussion of Foreign Corrupt Practices Act above);
- It is reasonable and not excessive;
- It cannot, in the surrounding circumstances, be reasonably construed as a bribe, payoff or kickback; and
- Public disclosure of it would not embarrass TransTech.

In no circumstances may gifts of cash or cash equivalents be accepted.

NOTE **1**. Tickets to concerts, sporting events, shows, and fund raising events may be accepted by employees and are generally not gifts, but must be reasonable and are subject to the above criteria. Tickets may not be used for resale.

2. Trips and symposiums offered by customers or vendors may be attended by employees, if such are offered in the context of a group session with other similar suppliers or purchasers in attendance as guests, are reasonable and meet the above criteria.

B. Acting Against Company Interests

No employee may take personal advantage of, or make available to others, any business opportunity in which it is known or could reasonably be known that TransTech might be interested, such as a purchase of real estate, a Company, a license or other property, or any interest in a firm or product in which TransTech is known to have an interest in acquiring. In no event may an employee deal for his or her own account in products sold or services performed by TransTech.

C. Outside Employment

An employee may not engage in employment outside TransTech if such employment (1) is with an entity that competes with TransTech or provides services or assistance to a competitor, or (2) interferes with the employee's assigned duties with TransTech. Examples of such interference include outside employment that requires the use of TransTech time or facilities or impairs the employee's ability to give full attention to his or her position with TransTech during normal working hours.

D. Outside Directorships and Investments

An employee serving as a director of, or having a business or financial interest in,

a firm having current or prospective dealings with TransTech (such as a competitor, customer, supplier, landlord, tenant, or merger/acquisition candidate) must disclose that fact in writing to the President so that it may be determined whether the situation presents a conflict of interest. The business or financial interests of members of an employee's family living with the employee also shall be considered to be the financial interests of the employee. Any subsequent approval to continue or engage in such outside directorship or investment must be made in writing. The Company will presume that ownership of not more than one percent (1%) of a publicly traded Company's securities (other than TransTech) does not involve a conflict of interest and need not be disclosed.

E. Government Service

While service by employees in government positions is encouraged, in some cases such service may present a conflict of interest. If election or appointment to such a position is anticipated, the employee must request the written approval of his or her supervisor. An employee holding a government office should abstain from any vote or decision that involves TransTech's interest.

6. Confidentiality of Information About the Company

TransTech personnel and each person affiliated with TransTech must maintain the confidentiality of information belonging or relating to TransTech and its business or relating to others and obtained through a relationship with TransTech. Adhering to this principle is a condition of continued employment. Section 10 of this policy contains a discussion of "material information" in the context of "insider trading" and "tipping" provisions of the securities laws. The information that must be kept confidential by TransTech personnel is much broader, however.

Confidential information also includes any information not generally known to the public about TransTech's business (such as, but not limited to, unpublished financial data, marketing, financial or other plans, customer or vendor lists, sales reports, price lists, blueprints, formulas, manufacturing processes, inventions, product development information or other proprietary data). In many cases such information is a trade secret or protected business information and disclosure of such could have a significant adverse effect on the business of TransTech. Misuse of information entrusted to or made available to an employee by TransTech or by other persons with whom TransTech has a relationship is inappropriate as a business practice and could lead to civil and criminal prosecution of the individuals involved under various state and federal laws.

In addition to using your own judgment, you should take the following actions to preserve the confidentiality of TransTech information:

- Do not discuss or disclose confidential information in public places where you can be overheard such as elevators, hallways, restaurants, airplanes or taxicabs. Discussions relating to confidential information with persons entitled to that information should be confined to closed offices or other secure locations.

- Do not read confidential documents in public places or discard them where they can be retrieved by others. Do not leave confidential documents in unattended conference rooms or where visitors can see them. Confidential information sent to others within or outside TransTech should be placed in sealed envelopes.
- Be aware that voices carry and that conversations conducted on speaker telephones in offices and on car or airplane telephones may be overheard easily.
- Be aware that conversations about where TransTech personnel are traveling or the presence of certain visitors in the office may reveal confidential information.
- Avoid sending or receiving confidential information by fax machines located in hotels, airport lounges, or the offices of third persons.
- Under no circumstances are employees to provide confidential TransTech documents or information (including documents relating to TransTech's customers, competitors or suppliers) to third parties without the express consent of their supervisor.

The above list gives examples of steps designed to insure confidentiality. In some situations, other steps may be necessary. Each employee is responsible for taking whatever practical steps are appropriate to preserve the confidentiality of information.

In signing the training record of this policy, you agree that you will not, during or after your employment, disclose (other than in the proper performance of your duties as a TransTech employee) any information, knowledge, data or property that you have obtained or developed as a TransTech employee concerning TransTech's business. You also agree that all analyses, charts, drawings, reports and other documents prepared by you or inventions or ideas developed or discovered by you in the course of your employment shall be TransTech's property. Upon termination of your employment you will return all TransTech documents (including data and documents on computer disks) and all copies thereof to TransTech.

7. Honesty

No employee shall commit or contribute to acts of dishonesty against TransTech such as fraud, theft, embezzlement or misappropriation of corporate assets. Employees are encouraged to report suspected problems to the President and will be protected against retaliation. In addition to appropriate disciplinary action, a criminal complaint will be filed against the offending employee if the evidence and circumstances so warrant.

8. Competition and Competitive Products

It is TransTech's policy to sell its products on their merits. TransTech employees, representatives and agents should not falsely disparage or make unfair negative comments about its competitors or their products and services. See also Section 11: Antitrust Laws.

9. Responding to Inquiries From the Press, Regulatory Bodies and Others

If someone outside the Company (such as the news media or a securities analyst or investor) asks you questions, either directly or through another person, do not attempt to answer them. You should obtain the name of the person making the inquiry and immediately notify the President. If you have any questions regarding this policy, you should contact the President for clarification.

Do not discuss confidential information or acknowledge its existence, even to persons from governmental or self-regulatory bodies, unless there is a legal obligation to do so. Simply and politely inform the inquirer that Company policy requires that he or she be referred to the President.

10. Improper Trading in Securities

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11. Antitrust Laws

The discussion that follows is designed to familiarize you with the United States antitrust laws. You should be aware that many foreign countries (including the European Community and most of its member countries, and others) have their own antitrust laws which must be complied with when their markets would be affected. This presentation is, of necessity, only a general guide.

It is important to be sensitive to the types of issues that may be violations of the antitrust laws. Should you become aware of any situation that may raise questions under the antitrust laws, contact TransTech's Corporate Secretary immediately.

A. Overview

Among other things, the antitrust laws prohibit contracts, combinations or agreements that unreasonably restrain trade. Agreements among competitors with respect to prices and other terms and conditions of sale may be unlawful "per se," that is, they may be considered to be illegal without regard to the business purpose for that agreement. To be unlawful, there does not necessarily have to be a formal agreement.

Informal, oral agreements and understandings have been found to be agreements prohibited by the antitrust laws.

B. Specific Practices Prohibited by the Antitrust Laws

- Price-fixing. Agreements between competitors to raise, lower or stabilize prices, or to set maximum or minimum prices, or agreements concerning terms and conditions of sale that affect price, may be unlawful per se. Negotiations and agreements between buyer and seller or between supplier and customer that are

part of a bona fide transaction do not violate the antitrust laws. Agreements setting or restricting the prices at which purchaser may resell can involve a violation of the prohibition against price fixing.

- Market Allocations. Agreements among competitors to allocate markets, customers or business opportunities likely will violate the antitrust laws.
- Group Boycotts/Concerted Refusals to Deal. The antitrust laws permit a Company, acting alone, to select the persons with whom it will and will not do business. However, when two or more companies agree not to do business with another person, that agreement may violate the antitrust laws.
- Monopolization and Attempts and Conspiracies to Monopolize. The antitrust laws prohibit monopolizing (or attempting or conspiring to monopolize) the market for a particular product. Defining a product market for purposes of the antitrust laws is a complex issue. Merely possessing significant market power or market share is not illegal; a violation may occur, however, when a person with monopoly or near-monopoly power engages in unfair or predatory conduct with the purpose or effect of maintaining or increasing that market power.
- Tying. A tying arrangement is an agreement by a party to sell one product or service but only on the condition that the buyer also purchase a different product or service. Such an arrangement may violate the antitrust laws, and may be unlawful per se.
- Reciprocity. It also may violate the antitrust laws for a buyer to condition his or her purchases from another person on that person making purchases from the first person. It is not unlawful, however, for a person to transact business with a present or potential customer, even if done for the purpose of inducing that customer to transact other business. What can make the conduct unlawful is the attempt to coerce the customer to engage in reciprocal business.
- Restrictions on Resale. Restrictions on resale raise antitrust concerns. Restrictions, particularly those that relate to price terms, may be illegal.

C. Enforcement of the Antitrust Laws

In the United States, the antitrust laws constitute both civil and criminal laws. Their violation could expose you, and perhaps the Company, to criminal penalties.

Furthermore, any person or class of persons injured by reason of a violation of the antitrust laws may recover three times the amount of their actual damages, plus costs and attorneys' fees. Antitrust suits have often resulted in multi-million dollar judgments or settlements.

Violations also may result in court orders that will restrict the way you and the Company can do business. Violations also may cause agreements entered into unlawfully to be unenforceable in court.

12. Implementation

All United States managers shall, within their areas of responsibility, be responsible for explanation of this policy so as to assure employee knowledge and compliance. Managers are also responsible for enforcement of this policy within their areas of responsibility. Written certification concerning policy compliance will be periodically required from those employees so designated by the President of TransTech.

13. Reporting Violations of the Code of Conduct

Any actual or contemplated conduct that an employee discovers and which he or she reasonably believes may constitute a violation of this policy must be promptly reported to the President, the Board of Directors or a member of the management team.

14. Reporting Violations of the Code

It is the desire of TransTech to create a working environment for its employees that is honest and fair. We also want our employees to be able to call attention to legal or policy violations, and it is our further desire to investigate the concerns that employees raise with impartiality. To further that desire and policies of openness and reporting, TransTech wants employees to know it will not retaliate against any employee for reporting suspected violations of laws, regulations or Company policies. This means TransTech will not terminate, demote, transfer to a less desirable assignment or otherwise discriminate against an employee for calling attention to acts that are suspected to be illegal, unethical or in violation of our policy. This includes anyone giving information relating to an investigation. However, TransTech reserves the right to discipline anyone who knowingly makes a false accusation, provides false information to the Company or has acted improperly.

15. Enforcement

Violation of this policy may result in disciplinary action, including termination of employment. Legal proceedings may also be commenced, if necessary, to recover the amount of any improper expenditures, any profits realized by the offending employee, and any financial detriment sustained by TransTech. In appropriate circumstances, violations of this policy will be reported to the applicable authority.

TRANSTECHNIK CORP USA

Appendix H – MBTA Red/Orange Lines - QUALIFICATIONS AND CERTIFICATIONS

SECTION B PART B TECHNICAL PROPOSAL AND STATEMENTS AND CERTIFICATIONS REGARDING ELIGIBILITY

Appendix H

SECTION B PART B TECHNICAL PROPOSAL AND STATEMENTS AND CERTIFICATIONS REGARDING ELIGIBILITY

QUALIFICATIONS AND CERTIFICATIONS

IMPORTANT:

To be answered by Suppliers providing the following systems only:

- Propulsion,
- Trucks and Major Truck Components,
- Auxiliary Power,
- Low Voltage DC Power,
- HVAC,
- Carbody,
- Couplers / Draft Gear,
- Wheel Sets,
- Air Brake Equipment and Controls,
- Cab Signal Equipment,
- Door Systems,
- Seats,
- Vehicle Monitoring System,
- Network Equipment and Integrator,
- Communications Equipment including LED and LCD Signage,
- Lighting

Thank you

Supplier Name: **Transtechnik Corp USA**

Supplier Representative: **Stephen Mark**

System: **Auxiliary Power Supply**

Date: April 14, 2014

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1. Attach relevant Certificate of Good Standing from the Secretary of State of the Commonwealth of Massachusetts.

Transtechnik Response:

This subject would need to be discussed after car builder selection has been completed.

2. Provide the names and telephone numbers of all business owners, shareholders if not a publicly held corporation, and/or members if a limited liability company.

Transtechnik Response:

Transtechnik Corp USA parent company is Transtechnik GmbH & Co KG
Ohmstrasse 1, 83607 Holzkirchen, Germany
Managing Director, Lorenzo Stendardi

Phone: 011 – 49 – 8024 – 990 - 100
+49 08024 990 0

3. Provide the names, title and telephone numbers of all officers.

Transtechnik Response:

Gary Provenzano, President – 678-880-2700 x-226

Thomas Doering, Vice President of Engineering – 678-880-2700 x-228

Gary Reed, Vice President of Manufacturing - 678-880-2700 x-230

4. Has the business or an owner or shareholder of the business ever had a prior contractual relationship with the MBTA? If yes, please describe relationship.

Transtechnik Response:

Yes, via car builders: Transtechnik has worked with MBTA on such projects as MBTA Blueline, MBTA GL7, MBTA BC. The Authority / Contractor / Subcontractor relationship was such that Transtechnik Corp USA was contracted via Car Builders to supply specific scope of supplies as requested by the various car builders. We therefore served and continue to serve as a subcontractor to MBTA's Contract Car Builders of choice.

5. Has the business or an owner or shareholder of the business ever been in default of any obligations under a contract with the MBTA, any other Massachusetts state agency or any federal agency? If yes, please describe the circumstances. Please indicate whether it resulted in a termination for cause.

Transtechnik Response:

No

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6. Have any of the business owners, shareholders, or officers every been convicted of felony violations of Federal, state or local laws? If yes, please describe the circumstances.

Transtechnik Response:

No

7. Are there any pending recent law suits against the business or any of its owners or shareholders? If yes, please describe the circumstances.

Transtechnik Response:

No

8. Provide the name, address, account number, contact person and telephone number of the insurance agent responsible for procuring insurance required by the Solicitation Documents.

David Gallagher Jr
BROWN& BROWN INSURANCE OF AT.
Corporate Sales Executive

(770) 512-5058 Work
(678) 360-5023 Mobile
dgallagherjr@bbatlanta.com
3483 Satellite Blvd, Ste 100
Duluth, GA 30096

9. Provide the name, address, contact person and telephone of three business credit references, including but not limited to your primary banking institution.

Transtechnik Response:

Details to be provided upon specific written request.

Contact Stephen.Mark@transtechnik-usa.com Specifying your request in detail and what it will be used for.

10. Has the business or any of the business's owners or shareholders ever filed for bankruptcy or invoked insolvency proceedings under state law?

Transtechnik Response:

No

11. Provide the last three (3) years of audited financial statements, or reasonable equivalent of the Offeror. If the Offeror is a joint venture or other combination of business entities, provide the last three (3) years audited financial statements for each entity.

Transtechnik Response:

Details to be provided upon specific request.

Contact Stephen.Mark@transtechnik-usa.com Specifying your request in detail and what it will be used for.

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12. Provide the business's current code of business ethics or equivalent.

Transtechnik Response:

Our Mission:
To provide on-time, Reliable Power Converter Solutions by:
Exceeding customer expectations through continued improvement
Empowering employees to make informed decisions through accountability

Empower employees to make informed decisions through continuous improvements and training in order to provide a prompt, reliable power converter solution.

Vision
Be the most respected leader for customized solutions of static converters.

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TRANSTECHNIK
CORP. USA

US HEADQUARTERS
2220 Airport Industrial Drive
Suite 900
Ball Ground, Georgia 30107
Tel. (678) 880 2700
Fax. (678) 880 3222

Internet: www.transtechnik-usa.com
E-mail: info@transtechnik-usa.com

CREDIT INFORMATION OF TRANSTECHNIK CORP U.S.A.

The following is being provided for your company's use as a basis for granting credit for purchases made by Transtechnik Corp. USA.

Federal ID Number:	11-3235239
GA Sales & Use Tax Number:	303-3272118
NJ Sales & Use Tax Number:	113-235-239/000
D&B Number:	94-264-1184

Contacts:

PURCHASING:	Neal Carmichael – (678) 880 2700 x225 Neal.carmichael@transtechnik-usa.com
ACCOUNTS PAYABLE:	Accounts Payable (678) 880 2700 ARAP@transtechnik-usa.com

Bank References:

Wells Fargo
1413 Riverstone Parkway
Canton, GA 30114
Tel. (770) 345 2862
Acct: 2000028813688

Trade References:

Mc Naughton McKay
6685 Best Friend Ro.,
Norcross, GA 30071
Tel. (770) 825 8620
Fax. (770) 825 8606

DB Roberts Company
435 Dividend Drive Suite A
Peachtree City, GA 30269
Tel. (800)241-9300

Industrial Electric Wire & Cable
39 Pelham Ridge Drive
Greenville, SC 29615
Tel. (800) 480-5322
Fax. (800) 234-1020

Advanced Metal Fabrication Inc
401 C Hickory Road
Canton, GA 30115
Tel. (770) 345-0936

Your company is authorized to investigate the above references who are released to furnish information concerning Transtechnik Corp. USA's credit worthiness.

TRANSTECHNIK CORP. USA

FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 and 2011

with

INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder
Transtechnik Corp. USA

We have audited the accompanying financial statements of Transtechnik Corp. USA (the "Company"), a wholly owned subsidiary of Transtechnik GmbH & Co. KG (the "Parent"), which comprise the balance sheet as of December 31, 2012 and 2011, and the related statements of income and accumulated deficit and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Transtechnik Corp. USA as of December 31, 2012 and 2011, and the results of their operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Related Party Transactions

As further discussed in Note D, the Company has significant transactions and financing with its Parent and is dependent upon its Parent for future financing of operations.

Smith + Howard

October 30, 2013

TRANSTECHNIK CORP. USA
BALANCE SHEET
DECEMBER 31, 2012 AND 2011

ASSETS

	2012	2011
Current Assets		
Cash	$ 576,269	$ 170,653
Accounts receivable, net of allowance for doubtful accounts of $62,000 and $42,000 in 2012 and 2011, respectively	4,194,096	2,722,644
Inventories	1,621,942	2,361,309
Prepaid expenses and other current assets	72,402	97,828
Total Current Assets	6,464,709	5,352,434
Property and Equipment, Net	176,691	159,975
Other Assets		
Intangible asset, net of accumulated amortization of $55,555 in 2012	144,445	-
Security deposits	185,597	21,400
	$ 6,971,442	$ 5,533,809

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND STOCKHOLDER'S DEFICIT

	2012	2011
Current Liabilities		
Accounts payable	$ 486,456	$ 898,485
Accrued expenses and other current liabilities	592,680	540,659
Accrued warranty costs	651,257	643,943
Loss provision	-	52,958
Customer advances	597,167	515,278
Note payable and amounts due to parent, current portion	1,346,167	-
	3,673,727	2,651,323
Note Payable and Amounts Due to Parent, Net of Current Portion	6,563,285	7,969,821
Stockholder's Deficit		
Common stock - no par value; 200 shares authorized, 10 shares issued and outstanding	300,000	300,000
Additional paid-in-capital	8,882,948	8,882,948
Accumulated deficit	(12,448,518)	(14,270,283)
	(3,265,570)	(5,087,335)
	$ 6,971,442	$ 5,533,809

TRANSTECHNIK CORP. USA
STATEMENT OF INCOME AND ACCUMULATED DEFICIT
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Net Sales	$ 11,618,180	$ 14,597,326
Cost of Goods Sold and Provision for Contract Losses	8,114,711	11,804,795
	3,503,469	2,792,531
Selling, General and Administrative Expenses	1,161,680	1,811,981
Income from Operations	2,341,789	980,550
Other Expense		
Interest expense, net	(520,024)	(508,348)
	(520,024)	(508,348)
Net Income	1,821,765	472,202
Accumulated Deficit, Beginning of Year	(14,270,283)	(14,742,485)
Accumulated Deficit, End of Year	$ (12,448,518)	$ (14,270,283)

The accompanying notes are an integral part of these financial statements.

TRANSTECHNIK CORP. USA
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Cash Flows from Operating Activities:		
Net Income	$ 1,821,765	$ 472,202
Adjustments to Reconcile Net Income to Net Cash Provided (Required) by Operating Activities		
Bad debt expense	20,043	8,900
Depreciation and amortization	117,162	62,891
Increase in accounts receivable	(1,491,495)	(417,082)
Decrease in inventories	739,367	1,192,698
Increase in prepaid expenses, security deposits and other current assets	(138,771)	(34,933)
Increase (decrease) in accounts payable	(412,029)	25,149
Increase (decrease) in accrued expenses and other current liabilities	52,021	(46,080)
Increase (decrease) in accrued warranty expenses	(192,686)	13,608
Decrease in loss provision	(52,958)	(1,327,078)
Increase (decrease) in customer advances	81,889	(1,170,001)
Total Adjustments	(1,277,457)	(1,691,928)
Net Cash Provided (Required) by Operating Activities	544,308	(1,219,726)
Cash Flows from Investing Activities:		
Acquisitions of property and equipment	(78,323)	(26,433)
Net Cash Required by Investing Activities	(78,323)	(26,433)
Cash Flows from Financing Activities:		
Proceeds from note payable - Parent	52,216	1,402,525
Principal payments on note payable - Parent	(112,585)	(75,444)
Net Cash Provided (Required) by Financing Activities	(60,369)	1,327,081
Net Increase in Cash	405,616	80,922
Cash at Beginning of Year	170,653	89,731
Cash at End of Year	$ 576,269	$ 170,653
Supplemental Cash Flow Disclosures:		
Interest paid	$ 426,636	$ 523,057

Supplemental Disclosure of Noncash Investing Activities:

As further discussed in Note A, during 2012, the Company acquired certain equipment and an intangible asset for total consideration of $251,125. Total consideration consisted of cash of $51,125 and accrued warranty obligations not to exceed $200,000.

The accompanying notes are an integral part of these financial statements.

TRANSTECHNIK CORP. USA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 and 2011

NOTE A – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Transtechnik Corp. USA (the "Company") was formed on November 1994 and is a manufacturer of power converters, transformers, battery chargers and similar electrical components for mass transit railway systems. The Company maintains a manufacturing facility and executive office in Ball Ground, Georgia with an additional office in Elmwood Park, New Jersey. Its customers are transit train manufacturers, municipal and state governments and other quasi-governmental agencies operating mass transportation systems throughout the United States and Canada. The Company is a wholly owned subsidiary of a foreign-owned corporation, Transtechnik GmbH & Co. KG (the "Parent").

Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform with the 2012 presentation.

Basis of Accounting

The Company follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Concentrations of Credit Risk

The Company places its cash with high credit quality financial institutions. The Company places its cash with high quality credit institutions. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

NOTE A – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are stated at amounts management expects to collect. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make payments. Management considers the following factors when determining the collectability of specific customer accounts: customer credit-worthiness, past transaction history with the customer, current economic industry trends and changes in customer payment terms. Past due balances over 90 days and other high risk accounts are reviewed individually for collectability. Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Inventories

Inventories consisting of material, material overhead, labor, and manufacturing overhead are valued at the lower of cost (first-in, first-out) or market. Allowances are established to reduce the cost of excess and obsolete inventories to their estimated net realizable value. Management estimates obsolescence reserves based upon months of inactivity in movement of inventories. At December 31, 2011, inventories were reserved at 25% if no movement had occurred in 12-17 months, 50% if no movement had occurred in 18-24 months, 85% if no movement had occurred in 25-40 months and 100% if no movement had occurred in 41 or more months. At December 31, 2012, inventories were reserved at 100% if no movement had occurred in 12 months or more. At December 31, 2012 and 2011, the reserve for obsolescence was $399,627 and $204,621, respectively. Reserves for obsolescence were increased $195,006 and decreased $178,009 during the years ended December 31, 2012 and 2011, respectively.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful asset lives which range from 3 to 10 years. Leasehold improvements are amortized over the terms of the respective leases or the life of the assets, whichever is shorter.

Repairs and maintenance are expensed as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. When property and equipment is retired, sold, or otherwise disposed of, the carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations.

NOTE A – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Product Warranties

The Company accrues an estimate of its exposure to warranty claims based on both current and historical product sales data and warranty costs incurred. The majority of the Company's products carry a one or two year warranty. The Company assesses the adequacy of its warranty liability annually and adjusts the amount as necessary. Historically, product warranty reserves approximate 1% of sales.

Revenue and Cost Recognition

Sales are recorded upon shipment of products or contract-specified engineering and design milestones. Specific contracts, which typically are for a large number of units and have multiple shipping dates over several months, call for retainage of 5% to 10% of the contract value until all units specified in the contract are shipped. The units are invoiced individually as they are shipped. Customer advances are down payments for large projects. Contracts are generated for the advances on units to be built and as units are shipped relating to a specific project, customer advances are considered sales.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, and repairs. Selling, general, and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in contract performance, contract conditions, and estimated profitability may result in revisions to costs, which are recognized in the period in which the revisions are determined. Changes in estimated contract profitability resulting from contract performance, contract conditions, contract penalty provisions, claims, change orders, and settlements, are accounted for as changes in estimates in the current period. At December 31, 2011, the Company had an estimated loss provision on uncompleted contracts of $52,958. At December 31, 2012, the Company had no estimated loss provision on uncompleted contracts. The estimated loss provision was decreased by $52,958 and $1,327,078 during the years ended December 31, 2012 and 2011, respectively.

Shipping and Handling Costs

All shipping and handling costs of the Company are included in cost of good sold.

NOTE A – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company accounts for income taxes in accordance with GAAP. This prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value.

The Company evaluates uncertain income tax positions by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. The Company utilizes a two-step approach for evaluating tax positions. Recognition occurs when the Company concludes that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination. Measurement is only addressed if recognition has been satisfied. Under measurement, the tax benefit is measured at the largest amount of benefit, determined on a cumulative probability basis that is more likely than not to be realized upon final settlement. The term "more likely than not" is interpreted to mean that the likelihood of occurrence is greater than 50%.

At December 31, 2012 and 2011, the Company had a net operating loss carryforward for federal and state income tax purposes of approximately $4,755,000 and $6,874,000, respectively, expiring through 2030, which may be utilized against future taxable income. A valuation allowance has been established for the full amount of the related deferred tax assets of approximately $1,141,000 and $1,650,000, respectively, until realization is assured.

The Company files income tax returns in the U.S. federal and various state tax jurisdictions. In the normal course of business, the Company is subject to examination by the federal and state taxing authorities. In general, the Company is no longer subject to tax examinations for tax years ending before December 31, 2009.

Foreign Currency Transactions

Realized gains and losses from foreign currency transactions resulting from the purchase of materials from the Parent originally billed in Euros are included in cost of goods sold. The differences in the exchange rate of the U.S. dollar and the Euro at the time of settlement of the invoices create exchange rate gains or losses that the Company attributes to the value of the inventories acquired from the Parent.

NOTE A – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangibles

During 2012, the Company acquired certain equipment for total consideration of $251,125. Total consideration consisted of cash of $51,125 and warranty obligations not to exceed $200,000. In accordance with the purchase agreement, the Company will pay the seller a 10% royalty fee on gross receipts related to future sales of bench test equipment manufactured by the Company. There were no royalty fees accrued or paid during 2012. An intangible asset was created as a result of the transaction.

The Company has determined that the intangible asset has a useful life of three years and will be amortized on a straight line basis. The Company has recorded approximately $56,000 in amortization expense for the year ended December 31, 2012.

The Company periodically evaluates whether changes have occurred that would require revision of the remaining estimated useful life of the intangible asset as well as whether changes have occurred that indicate the carrying amount of the asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of the asset is determined to not be recoverable, a write-down to fair value is recorded. Management believes that there has been no impairment of the intangible asset as of December 31, 2012.

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

NOTE B – INVENTORIES

Inventories consist of the following at December 31:

	2012	2011
Finished goods	$ 183,272	$ 129,392
Work in process	315,859	909,222
Raw materials and supplies	1,522,438	1,527,316
Reserve for obsolescence	(399,627)	(204,621)
	$ 1,621,942	$ 2,361,309

NOTE C – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following at December 31:

	2012	2011
Furniture and equipment	$ 861,376	$ 783,053
Leasehold improvements	70,067	70,067
	931,443	853,120
Less: Accumulated depreciation and amortization	754,752	693,145
	$ 176,691	$ 159,975

NOTE D – RELATED PARTY TRANSACTIONS

During the years ended December 31, 2012 and 2011, the Company purchased approximately $1,130,000 and $2,133,000, respectively, of materials from its Parent.

Sales to the Parent for the years ended December 31, 2012 and 2011 totaled approximately $1,258,000 and $601,000, respectively.

During 2012 and 2011, the Parent agreed to allow the Company to not make any payments in fiscal years 2012 and 2011 to the Parent for current net accounts payable due from the Company to the Parent, which totaled $5,230,255 and $5,427,932 at December 31, 2012 and 2011, respectively. Subsequent to December 31, 2012, the Company made payments totaling $1,596,166 to the Parent.

On November 30, 2010, the Parent revised the existing note payable agreement in the original amount of 1,963,500€ ($2,679,197 and $2,541,889 at December 31, 2012 and 2011, respectively) to allow the Company to make 19 monthly principal payments of 100,000€ to the Parent, beginning in January 2013, with a final principal payment of 63,000€ in August 2014. During 2013, the Parent agreed to allow the Company to extend the payment terms of the note, with 19 monthly principal payments of 100,000€ beginning in January 2014 and a final principal payment of 63,000€ in August 2015.

During 2012 and 2011, the Company paid 7.5% and 6.5% interest on the outstanding note payable and accounts payable due to the Parent, respectively.

The Company has a total stockholder's deficit of $(3,265,570) which has been funded by the Company's note payable with its Parent Company. As such, the Company remains dependent upon its Parent Company to fund operations in 2013 and beyond and the Parent Company has committed to the Company to provide such required operational funding, if any, during 2013.

NOTE E – EMPLOYEE BENEFIT PLAN

The Company has a defined contribution pension plan which qualifies under Section 401(k) of the Internal Revenue Code (the "Code"). It permits salaried employees over the age of 17 to voluntarily contribute up to the maximum allowed under the Code. Employer contributions are discretionary and were $11,913 and $17,610 for the years ended December 31, 2012 and 2011, respectively.

NOTE F – MAJOR CUSTOMERS

For the year ended December 31, 2012, sales to two unaffiliated customers totaled approximately 38% of sales. For the year ended December 31, 2011, sales to four unaffiliated customers totaled approximately 75% of sales.

At December 31, 2012 and 2011, two customers accounted for approximately 59% and 61% of accounts receivable, respectively.

NOTE G – COMMITMENTS

The Company is obligated under a noncancelable operating lease for plant and office space in Atlanta, Georgia, expiring on February 29, 2020.

Approximate future minimum rentals, exclusive of required payments for increases in real estate taxes and operating costs over base period amounts, are as follows for the years ending December 31:

2013	$ 185,640
2014	190,680
2015	197,904
2016	205,820
2017	214,053
Thereafter	492,970
	$ 1,487,067

Rent expense for the years ended December 31, 2012 and 2011 was $216,383 and $262,857, respectively.

TRANSTECHNIK CORP. USA

FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

with
INDEPENDENT AUDITORS' REPORT

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SMITH & HOWARD

Certified Public Accountants and Advisers

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder
Transtechnik Corp. USA

We have audited the accompanying balance sheet of Transtechnik Corp. USA (the "Company"), a wholly owned subsidiary of Transtechnik GmbH & Co. KG (the "Parent"), as of December 31, 2011 and 2010, and the related statements of income and accumulated deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Transtechnik Corp. USA as of December 31, 2011 and 2010, and the results of operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As further discussed in Note D, the Company has significant transactions and financing with its Parent and is dependent upon its Parent for future financing of operations.

Smith + Howard

October 2, 2012

Suite 900, 171 17th Street, N.W., Atlanta, GA 30363
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TRANSTECHNIK CORP. USA
BALANCE SHEET
DECEMBER 31, 2011 AND 2010

ASSETS

	2011	2010
Current Assets		
Cash	$ 170,653	$ 89,731
Accounts receivable, net of allowance for doubtful accounts of $42,000 in 2011 and 2010	3,098,585	2,314,462
Inventories (Note B)	2,361,309	3,554,007
Prepaid expenses and other current assets	97,828	65,295
Total Current Assets	5,728,375	6,023,495
Property and Equipment, Net (Note C)	159,975	196,433
Other Assets		
Security deposits	21,400	19,000
	$ 5,909,750	$ 6,238,928

The accompanying notes are an integral part of these financial statements.

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LIABILITIES AND STOCKHOLDER'S DEFICIT

	2011	2010
Current Liabilities		
Accounts payable	$ 898,485	$ 873,336
Accrued expenses and other current liabilities	540,659	586,739
Accrued warranty costs	643,943	630,335
Loss provision (Note A)	52,958	1,380,036
Customer advances	515,278	1,685,279
	2,651,323	5,155,725
Note Payable - Parent (Note D)	8,345,762	6,642,740
Commitments (Note G)		
Stockholder's Deficit		
Common stock - no par value; 200 shares authorized, 10 shares issued and outstanding	300,000	300,000
Additional paid-in-capital	8,882,948	8,882,948
Accumulated deficit	(14,270,283)	(14,742,485)
	(5,087,335)	(5,559,537)
	$ 5,909,750	$ 6,238,928

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TRANSTECHNIK CORP. USA
STATEMENT OF INCOME AND ACCUMULATED DEFICIT
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Net Sales (Note F)	$ 14,597,326	$ 20,079,407
Cost of Goods Sold and Provision for Contract Losses (Note A)	11,804,795	15,619,814
	2,792,531	4,459,593
Selling, General and Administrative Expenses	1,811,981	1,593,470
Income from Operations	980,550	2,866,123
Other Expense		
Interest expense, net	(508,348)	(406,270)
	(508,348)	(406,270)
Net Income	472,202	2,459,853
Accumulated Deficit, Beginning of Year	(14,742,485)	(17,202,338)
Accumulated Deficit, End of Year	$ (14,270,283)	$ (14,742,485)

The accompanying notes are an integral part of these financial statements.

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TRANSTECHNIK CORP. USA
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Cash Flow from Operating Activities:		
Net Income	$ 472,202	$ 2,459,853
Adjustments to Reconcile Net Income to Net Cash Provided (Required) by Operating Activities		
Bad debt expense (recovery)	8,900	(62,391)
Depreciation and amortization	62,891	69,287
(Increase) decrease in accounts receivable	(793,023)	1,374,884
Decrease in inventories	1,192,698	347,240
Increase in prepaid expenses, security deposits and other current assets	(34,933)	(13,419)
Increase (decrease) in accounts payable	25,149	(600,354)
Increase (decrease) in accrued expenses and other current liabilities	(46,080)	286,282
Increase in accrued warranty expenses	13,608	187,335
Decrease in loss provision	(1,327,078)	(1,253,981)
Decrease in customer advances	(1,170,001)	(1,785,194)
Total Adjustments	(2,067,869)	(1,450,311)
Net Cash Provided (Required) by Operating Activities	(1,595,667)	1,009,542
Cash Flows from Investing Activities:		
Acquisitions of property and equipment	(26,433)	(43,761)
Net Cash Required by Investing Activities	(26,433)	(43,761)

(Continued)

The accompanying notes are an integral part of these financial statements.

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TRANSTECHNIK CORP. USA
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
(Continued)		
Cash Flows from Financing Activities:		
Proceeds from note payable - Parent	1,778,466	50,597
Principal payments on note payable - Parent	(75,444)	(949,684)
Net Cash Provided (Required) by Financing Activities	1,703,022	(899,087)
Net Increase in Cash	80,922	66,694
Cash at Beginning of Year	89,731	23,037
Cash at End of Year	$ 170,653	$ 89,731
Supplemental Cash Flow Disclosures		
Interest paid	$ 508,348	$ 406,270

The accompanying notes are an integral part of these financial statements.

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TRANSTECHNIK CORP. USA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Transtechnik Corp. USA (the "Company") was formed on November 1994 and is a manufacturer of power converters, transformers, battery chargers and similar electrical components for mass transit railway systems. The Company maintains a manufacturing facility and executive office in Ball Ground, Georgia with an additional office in Mahwah, New Jersey. Its customers are transit train manufacturers, municipal and state governments and other quasi-governmental agencies operating mass transportation systems throughout the United States and Canada. The Company is a wholly owned subsidiary of a foreign-owned corporation, Transtechnik GmbH & Co. KG (the "Parent").

Basis of Accounting

The Association follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Concentrations of Credit Risk

The Company places its cash with high credit quality financial institutions. The Company's non-interest bearing cash balances are fully insured by the Federal Deposit Insurance Corporation through December 31, 2012. As a result of liquidity issues experienced in the global credit and capital markets, it is at least reasonably possible that changes in risks in the near term could occur which, in turn, could materially affect the amounts reported in the accompanying financial statements.

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are stated at amounts management expects to collect. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make payments. Management considers the following factors when determining the collectability of specific customer accounts: customer credit-worthiness, past transaction history with the customer, current economic industry trends and changes in customer payment terms. Past due balances over 90 days and other high risk accounts are reviewed individually for collectability. Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Inventories

Inventories consisting of material, material overhead, labor, and manufacturing overhead are valued at the lower of cost (first-in, first-out) or market. Allowances are established to reduce the cost of excess and obsolete inventories to their estimated net realizable value. Management estimates obsolescence reserves based upon months of inactivity in movement of inventories. Inventories are reserved at 25% if no movement has occurred in 12-17 months, 50% if no movement has occurred in 18-24 months, 85% if no movement has occurred in 25-40 months and 100% if no movement has occurred in 41 or more months. At December 31, 2011 and 2010, the reserve for obsolescence was $204,621 and $382,630, respectively. Reserves for obsolescence were decreased $178,009 and increased $62,982 during the years ended December 31, 2011 and 2010, respectively.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful asset lives which range from 3 to 10 years. Leasehold improvements are amortized over the terms of the respective leases or the life of the assets, whichever is shorter.

Repairs and maintenance are expensed as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. When property and equipment is retired, sold, or otherwise disposed of, the carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations.

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Product Warranties

The Company accrues an estimate of its exposure to warranty claims based on both current and historical product sales data and warranty costs incurred. The majority of the Company's products carry a one or two year warranty. The Company assesses the adequacy of its warranty liability annually and adjusts the amount as necessary. Historically, product warranty reserves approximate 1% of sales.

Revenue and Cost Recognition

Sales are recorded upon shipment of products or contract-specified engineering and design milestones. Specific contracts, which typically are for a large number of units and have multiple shipping dates over several months, call for retainage of 5% to 10% of the contract value until all units specified in the contract are shipped. The units are invoiced individually as they are shipped. Customer advances are down payments for large projects. Contracts are generated for the advances on units to be built and as units are shipped relating to a specific project, customer advances are considered sales.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, and repairs. Selling, general, and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in contract performance, contract conditions, and estimated profitability may result in revisions to costs, which are recognized in the period in which the revisions are determined. Changes in estimated contract profitability resulting from contract performance, contract conditions, contract penalty provisions, claims, change orders, and settlements, are accounted for as changes in estimates in the current period. At December 31, 2011 and 2010, the Company had an estimated loss provision on uncompleted contracts of $52,958 and $1,380,036, respectively. The estimated loss provision was decreased by $1,327,078 and $1,253,981 during the years ended December 31, 2011 and 2010, respectively.

Shipping and Handling Costs

All shipping and handling costs of the Company are included in cost of good sold.

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company accounts for income taxes in accordance with GAAP. This prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value.

The Company evaluates uncertain income tax positions by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. The Company utilizes a two-step approach for evaluating tax positions. Recognition occurs when the Company concludes that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination. Measurement is only addressed if recognition has been satisfied. Under measurement, the tax benefit is measured at the largest amount of benefit, determined on a cumulative probability basis that is more likely than not to be realized upon final settlement. The term "more likely than not" is interpreted to mean that the likelihood of occurrence is greater than 50%.

At December 31, 2011 and 2010, the Company had a net operating loss carryforward for federal and state income tax purposes of approximately $14,582,000 and $14,060,000, respectively, expiring through 2030, which may be utilized against future taxable income. A valuation allowance has been established for the full amount of the related deferred tax assets of approximately $3,500,000 and $3,374,000, respectively, until realization is assured.

The Company files income tax returns in the U.S. federal and various state tax jurisdictions. In the normal course of business, the Company is subject to examination by the federal and state taxing authorities. In general, the Company is no longer subject to tax examinations for tax years ending before December 31, 2008.

Foreign Currency Transactions

Realized gains and losses from foreign currency transactions resulting from the purchase of materials from the Parent originally billed in Euros are included in cost of goods sold. The differences in the exchange rate of the U.S. dollar and the Euro at the time of settlement of the invoices create exchange rate gains or losses that the Company attributes to the value of the inventories acquired from the Parent.

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

NOTE B – INVENTORIES

Inventories consist of the following at December 31:

	2011	2010
Finished goods	$ 129,392	$ 91,935
Work in process	909,222	1,164,959
Raw materials and supplies	1,527,316	2,679,743
Reserve for obsolescence	(204,621)	(382,630)
	$ 2,361,309	$ 3,554,007

NOTE C – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following at December 31:

	2011	2010
Furniture and equipment	$ 783,053	$ 781,729
Leasehold improvements	70,067	52,958
	853,120	834,687
Less: Accumulated depreciation and amortization	693,145	638,254
	$ 159,975	$ 196,433

NOTE D – RELATED PARTY TRANSACTIONS

During the years ended December 31, 2011 and 2010, the Company purchased approximately $2,133,000 and $4,460,000, respectively, of materials from its Parent.

Sales to the Parent for the years ended December 31, 2011 and 2010 totaled approximately $601,000 and $324,000, respectively.

Effective February 8, 2011, the Parent Company agreed to allow the Company to not make any payments in fiscal years 2011 and 2010 to the Parent for current accounts payable due from the Company to the Parent, which totaled $5,803,873 and $4,025,407 at December 31, 2011 and 2010, respectively.

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NOTE D – RELATED PARTY TRANSACTIONS (Continued)

On November 30, 2010, the Parent Company revised the existing note payable agreement in the original amount of 1,963,500€ ($2,541,889 and $2,617,333 at December 31, 2011 and 2010, respectively) to allow the Company to make 19 monthly principal payments of 100,000€ to the Parent, beginning in January 2013, with a final principal payment of 63,000€ in August 2014.

During 2011 and 2010, the Company paid 7.5% interest on the outstanding balances due to the Parent.

The Company has a total stockholder's deficit of $(5,087,335) which has been funded by the Company's note payable with its Parent Company. As such, the Company remains dependent upon its Parent Company to fund operations in 2012 and beyond and the Parent Company has committed to the Company to provide such required operational funding, if any, during 2012.

NOTE E – EMPLOYEE BENEFIT PLAN

The Company has a defined contribution pension plan which qualifies under Section 401(k) of the Internal Revenue Code (the "Code"). It permits salaried employees over the age of 17 to voluntarily contribute up to the maximum allowed under the Code. Employer contributions are discretionary and were $17,610 and $24,083 for the years ended December 31, 2011 and 2010, respectively.

NOTE F – MAJOR CUSTOMERS

For the year ended December 31, 2011, sales to four unaffiliated customers totaled approximately 75% of sales. For the year ended December 31, 2010, sales to three unaffiliated customers totaled approximately 68% of sales.

At December 31, 2011, two customers accounted for approximately 61% of accounts receivable. At December 31, 2010, five customers accounted for approximately 88% of accounts receivable.

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NOTE G – COMMITMENTS

The Company is obligated under a noncancelable operating leases for plant and office space in Oakland, New Jersey, expiring on November 3, 2015, and in in Atlanta, Georgia, expiring on February 29, 2020.

Approximate future minimum rentals, exclusive of required payments for increases in real estate taxes and operating costs over base period amounts, are as follows for the years ending December 31:

2012	$ 195,036
2013	200,511
2014	206,015
2015	212,314
2016	205,820
Thereafter	707,023
	$ 1,726,719

Rent expense for the years ended December 31, 2011 and 2010 was $262,857 and $268,463, respectively.

ULTIMATE TRANSPORTATION N. AMERICA, LLC

SECTION B
PART B TECHNICAL PROPOSAL AND STATEMENTS AND CERTIFICATIONS REGARDING ELIGIBILITY

QUALIFICATIONS AND CERTIFICATIONS

NOTE: The Authority reserves the right to audit compliance with respect to each of the required statements and certifications in the forms submitted by Offerors, including but not limited to the Domestic U.S. Content Certification, Domestic U.S. Content Worksheet, and Final Assembly of Production (Non-Pilot) Vehicles in Massachusetts.

Questions Concerning Eligibility

Provide short answers (and attach relevant documents) to the following questions and requests:

1. Attach relevant Certificate of Good Standing from the Secretary of State of the Commonwealth of Massachusetts.
   Applied for and in progress
2. Provide the names and telephone numbers of all business owners, shareholders if not a publicly held corporation, and/or members if a limited liability company.
   Refer to attachment #1
3. Provide the names, title and telephone numbers of all officers.
   Refer to attachment #2
4. Has the business or an owner or shareholder of the business ever had a prior contractual relationship with the MBTA? If yes, please describe relationship.
   No – not directly. NAUTM has supplied Passenger Seats and Toilet Modules to H-Rotem for MBTA Bi-level Cars
5. Has the business or an owner or shareholder of the business ever been in default of any obligations under a contract with the MBTA, any other Massachusetts state agency or any federal agency? If yes, please describe the circumstances. Please indicate whether it resulted in a termination for cause.
   No
6. Have any of the business owners, shareholders, or officers every been convicted of felony violations of Federal, state or local laws? If yes, please describe the circumstances.
   No
7. Are there any pending recent law suits against the business or any of its owners or shareholders? If yes, please describe the circumstances.
   No
8. Provide the name, address, account number, contact person and telephone number of the insurance agent responsible for procuring insurance required by the Solicitation Documents.
   Refer to Attachment #3
9. Provide the name, address, contact person and telephone of three business credit references, including but not limited to your primary banking institution.
   Refer to Attachment #4
10. Has the business or any of the business's owners or shareholders ever filed for bankruptcy or invoked insolvency proceedings under state law?
    No

11. Provide the last three (3) years of audited financial statements, or reasonable equivalent of the Offeror. If the Offeror is a joint venture or other combination of business entities, provide the last three (3) years audited financial statements for each entity.

Refer to Attachment #5

12. Provide the business's current code of business ethics or equivalent.

Refer to Attachment #6

13. Provide the responses to Questions Nos. 1 through 12 for all proposed suppliers of major subsystems identified in response to Tab I.1 – Technical Approach.

n/a

Ultimate Transportation N. America, LLC.
30914 San Antonia St.
Hayward, CA 94544
Phone: 510-324-5000 Fax: 510-324-1560

Attachment #1:

Members of Ultimate Transportation N. America, LLC –

1. **Roger Tsai**

   Office: 510-324-5000
   Fax: 510-324-7110

2. **Railpower Company Limited**

   Office: +86-10-6552-2288
   Fax: +86-10-6552-5071

Ultimate Transportation N. America, LLC.
30914 San Antonia St.
Hayward, CA 94544
Phone: 510-324-5000 Fax: 510-324-1560

Attachment #2:

Officers of Ultimate Transportation N. America, LLC –

1. **Geoff Nelson - President**

   Office: 510-324-5000
   Fax: 510-324-7110

2. **Kevin Huang – Senior Accountant**

   Office: 510-324-5000
   Fax: 510-324-7110

Ultimate Transportation N. America, LLC.
30914 San Antonia St.
Hayward, CA 94544
Phone: 510-324-5000 Fax: 510-324-1560

Attachment #3:

Contacts for Insurance Procurement –

1. **Kevin Huang – Senior Accountant**

   Ultimate Transportation N. America, LLC.
   30914 San Antonio Street, Hayward, CA 94544
   Office: 510-324-5000
   Fax: 510-324-7110

2. **Laurence Taylor – Insurance Broker**

   Pegasus Capital & Insurance Services, Inc.
   515 South Flower Street, Suite 3210, Los Angeles, CA 90071
   Office: 213-622-6202
   Fax: 213-622-6212

Ultimate Transportation N. America, LLC.
30914 San Antonia St.
Hayward, CA 94544
Phone: 510-324-5000 Fax: 510-324-1560

Attachment #4:

References for Business Credit –

1. **Bank of America**
   1900 Decoto Road, Union City, CA 94587

   Contact Person: David Hoang
   Office: 510-429-5895
   Fax: 510-491-2867

2. **Chestnut Ridge Foam, Inc.**
   443 Warehouse Drive, PO Box 781, Latrobe, PA 15650

   Contact Person: Mike Shannon
   Office: 724-537-9000
   Fax: 724-537-9003

3. **Microphor**
   452 East Hill Road, Willits, CA 95490

   Contact Person: Jeff Shore
   Office: 707-459-5563
   Fax: 707-459-6617

Ultimate Transportation N. America
Profit & Loss
January through December 2013

	Jan - Dec 13
Ordinary Income/Expense	
Income	
BT Sales	7,383.55
FDOT Sales	209,916.00
Julien Sales	5,800.00
MBTA Sales	
Contract	3,178,660.25
Spare	370,880.13
Total MBTA Sales	3,549,540.38
NCDOT Sales	12,350.00
Refund	1,629.00
SCRRA 30 Ext Sales	747,564.30
SCRRA Sales	
Spare	348,951.68
Total SCRRA Sales	348,951.68
Total Income	4,883,134.91
Cost of Goods Sold	
F&S BT RFT	180.37
F&S FDOT	17,466.86
F&S MBTA	
Seats	362,864.44
Spare_T	1,550.00
Toilet	63,168.48
Total F&S MBTA	427,582.92
F&S NCDOT	6,032.90
F&S SCRRA	
Seats	251.24
Spare	7,486.00
Total F&S SCRRA	7,737.24
F&S SCRRA [30 Ext]	
Seat	56,776.34
Toilet	35.15
Total F&S SCRRA [30 Ext]	56,811.49
F&S SMART	2,943.89
Material BT Retro Fit Table	3,500.00
Material FDOT	100,758.40
Material Julien	897.15
Material MBTA Seat	
NAUTM	713,484.38
QUTM	658,362.65
Spare	16,853.58
Total Material MBTA Seat	1,388,700.61
Material MBTA Toilet	
NAUTM	358,045.35
QUTM	16,954.94
Spare	78,414.30
Total Material MBTA Toilet	453,414.59
Material NCDOT Table	
NAUTM	6,142.36
Total Material NCDOT Table	6,142.36
Material QUTM	
F&S	3,607.42
Material QUTM - Other	13,167.34
Total Material QUTM	16,774.76

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Ultimate Transportation N. America
Profit & Loss
January through December 2013

	Jan - Dec 13
Material SCRRA Seat [30 Car]	
Spare	75,248.02
Total Material SCRRA Seat [30 Car]	75,248.02
Material SCRRA Toilet [30 Car]	644.49
Material SCRRA Toilet [Spare]	26,717.99
Material SCRRA W.T. [Spare]	3,584.00
Material SMARTNSN Table	83,552.72
Warranty Repair	
Freight	9,411.10
MBTA Seat	16,715.81
MBTA Toilet	18,348.15
SCRRA	113,282.58
Total Warranty Repair	157,757.64
Total COGS	2,836,448.40
Gross Profit	2,046,686.51
Expense	
Alarm Service	
Fire Alarm	966.69
Security	563.45
Total Alarm Service	1,530.14
Automobile Expense	15,314.02
Bank Service Charges	1,379.23
Commissions	126,200.15
Computer and Internet Expenses	5,281.22
Consultant Fee	63,300.00
Dues and Subscriptions	1,445.00
Employee Benefit	28,618.42
Insurance Expense	
Automobile	1,285.64
Building	7,534.00
General Liability Insurance	
Products	13,315.01
Theft/Vandal	2,420.00
General Liability Insurance - Other	16,242.43
Total General Liability Insurance	31,977.44
Health	64,991.02
Health for Owner	10,248.00
Worker's Compensation	69,847.36
Total Insurance Expense	185,883.46
Janitorial Expense	2,000.00
Landscaping	1,925.00
Legal & Professional Expense	14,969.88
Meals and Entertainment	11,482.78
Office Expense	19,096.32
Payroll Expenses	3,426.42
Payroll Tax	117,467.39
Rent Expense	71,073.12
Sales expenses	
CSR	7,942.74
Damo	2,175.00
Vapor	2,126.70
Total Sales expenses	12,244.44
Taxes	
City	1,368.38
Penalty	300.00
State	12,808.29
Total Taxes	14,476.67

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Ultimate Transportation N. America
Profit & Loss
January through December 2013

	Jan - Dec 13
Telephone Expense	
Cell Phone, Mobility Device	8,540.80
Landline	2,519.65
Total Telephone Expense	11,060.45
Travel Expense	
Airfare	58,469.33
Gas or Mileage Reimburse	9,080.87
Hotel	29,453.39
Rental Car	9,129.67
Total Travel Expense	106,133.26
Utilities	
Disposal	9,549.21
Pacific Gas & Electric Company	23,696.50
Water	2,057.27
Total Utilities	35,302.98
Wages	
Hourly	505,357.64
Salary	638,700.98
TWH for Employee	368,615.92
Total Wages	1,512,674.54
Warehouse Supplies	
QD	1,216.28
Warehouse Supplies - Other	50,278.71
Total Warehouse Supplies	51,494.99
Total Expense	2,413,779.88
Net Ordinary Income	-367,093.37
Other Income/Expense	
Other Income	
Interest Income	36,517.56
Total Other Income	36,517.56
Net Other Income	36,517.56
Net Income	**-330,575.81**

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Ultimate Transportation N. America
Profit & Loss
January through December 2012

	Jan - Dec 12
Ordinary Income/Expense	
Income	
BT Sales	46,627.87
Legal Settlement	81,759.38
MBTA Sales	
Contract	1,546,372.17
Total MBTA Sales	1,546,372.17
NCDOT Sales	13,900.00
Refund	2,270.48
SCRRA 30 Ext Sales	1,667,560.41
SCRRA Sales	
Compensation	222,743.00
Contract	3,256,026.86
Spare	104,085.07
Total SCRRA Sales	3,582,854.93
SMART NS Sales	20,582.35
Total Income	6,961,927.59
Cost of Goods Sold	
F&S BT RFT	11,393.20
F&S MBTA	
Seats	149,211.19
Toilet	40,821.94
Total F&S MBTA	190,033.13
F&S NCDOT	19,603.33
F&S SCRRA	
B.E.D.	304.43
Seats	28,104.57
Spare	1,721.00
Total F&S SCRRA	30,130.00
F&S SCRRA [30 Ext]	
BED	3,079.16
Seat	57,922.89
Toilet	1,037.17
Total F&S SCRRA [30 Ext]	62,039.22
F&S SMART	61.72
Material BT Retro Fit Table	2,006.58
Material MBTA Seat	
NAUTM	237,648.33
QUTM	191,597.78
Material MBTA Seat - Other	218,784.59
Total Material MBTA Seat	648,030.70
Material MBTA Toilet	
NAUTM	177,964.88
QUTM	60,136.37
Material MBTA Toilet - Other	124,980.68
Total Material MBTA Toilet	363,081.93
Material NCDOT Table	
NAUTM	23,806.06
Material NCDOT Table - Other	43,706.21
Total Material NCDOT Table	67,512.27
Material QUTM	
F&S	507.54
Material QUTM - Other	335.36
Total Material QUTM	842.90
Material SCRRA	3,346,866.39

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Ultimate Transportation N. America
Profit & Loss
January through December 2012

	Jan - Dec 12	
Material SCRRA B.E.D. [30 Car]		
NAUTM	24,125.94	
Material SCRRA B.E.D. [30 Car] - Other	15,293.95	
Total Material SCRRA B.E.D. [30 Car]		39,419.89
Material SCRRA Seat [30 Car]		
NAUTM	1,713.59	
QUTM	27,666.60	
Spare	2,503.88	
Material SCRRA Seat [30 Car] - Other	119,347.78	
Total Material SCRRA Seat [30 Car]		151,231.85
Material SCRRA Toilet [30 Car]		15,528.86
Material SCRRA Toilet [Spare]		16,277.12
Warranty Repair		
Freight	3,858.91	
MBTA Seat	9,160.00	
SCRRA	69,847.96	
Total Warranty Repair		82,866.87
Total COGS		5,046,925.96
Gross Profit		1,915,001.63
Expense		
Alarm Service		
Fire Alarm	1,012.92	
Security	704.93	
Total Alarm Service		1,717.85
Automobile Expense		16,345.33
Bank Service Charges		1,061.48
Commissions		98,584.51
Computer and Internet Expenses		4,704.76
Consultant Fee		92,612.80
Depreciation Expense		34,830.00
Dues and Subscriptions		1,408.00
Employee Benefit		56,989.56
Insurance Expense		
Automobile	827.21	
Building	4,147.00	
General Liability Insurance		
Products	6,575.00	
General Liability Insurance - Other	10,918.00	
Total General Liability Insurance	17,493.00	
Health	57,762.00	
Health for Owner	9,991.00	
Worker's Compensation	23,916.55	
Insurance Expense - Other	986.00	
Total Insurance Expense		115,122.76
Janitorial Expense		2,400.00
Landscaping		3,240.00
Legal & Professional Expense		30,625.97
Meals and Entertainment		9,544.73
Office Expense		50,697.18
Payroll Expenses		3,521.17
Payroll Tax		94,816.64
Rent Expense		62,857.34
Taxes		
City	246.70	
Penalty	450.00	
State	7,111.45	
Total Taxes		7,808.15

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Ultimate Transportation N. America
Profit & Loss
January through December 2012

	Jan - Dec 12
Telephone Expense	
Cell Phone, Mobility Device	8,399.14
Landline	2,489.40
Total Telephone Expense	10,888.54
Travel Expense	62,864.35
Utilities	
Disposal	6,639.40
Pacific Gas & Electric Company	19,799.64
Water	2,343.07
Total Utilities	28,782.11
Wages	
Hourly	269,330.70
Salary	544,225.07
TWH for Employee	280,854.80
Total Wages	1,094,410.57
Warehouse Supplies	
QD	2,283.70
Warehouse Supplies - Other	116,814.52
Total Warehouse Supplies	119,098.22
Total Expense	2,004,932.02
Net Ordinary Income	-89,930.39
Other Income/Expense	
Other Income	
Interest Income	35,410.39
Total Other Income	35,410.39
Net Other Income	35,410.39
Net Income	**-54,520.00**

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Ultimate Transportation N. America
Profit & Loss
January through December 2011

	Jan - Dec 11
Ordinary Income/Expense	
Income	
Refund	614.00
SCRRA Sales	
Contract	213,235.05
Total SCRRA Sales	213,235.05
Total Income	213,849.05
Cost of Goods Sold	
F&S BT RFT	2,258.24
F&S MBTA	13,527.84
F&S SCRRA	1,844.71
F&S SCRRA [30 Ext]	13,457.70
Material BT Retro Fit Table	3,984.74
Material MBTA Seat	73,966.75
Material MBTA Toilet	96,855.86
Material SCRRA B.E.D.	43.62
Material SCRRA Seat [30 Car]	105,290.27
Material SCRRA Toilet [30 Car]	962.44
Material SCRRA Toilet [Spare]	115.21
Warranty Repair	4,516.71
Total COGS	316,824.09
Gross Profit	-102,975.04
Expense	
Alarm Service	404.41
Automobile Expense	2,312.80
Bank Service Charges	40.00
Computer and Internet Expenses	214.99
Consultant Fee	5,000.00
Depreciation Expense	4,077.00
Employee Benefit	3,077.14
Insurance Expense	
General Liability Insurance	928.00
Health	2,142.00
Health for Owner	6,432.00
Total Insurance Expense	9,502.00
Landscaping	225.00
Meals and Entertainment	30.00
Office Expense	6,740.66
Payroll Tax	14,147.22
Rent Expense	7,832.48
Taxes	
City	31.00
Property	15,377.68
State	7,100.00
Total Taxes	22,508.68
Telephone Expense	
Cell Phone, Mobility Device	123.94
Telephone Expense - Other	962.13
Total Telephone Expense	1,086.07
Travel Expense	1,071.25
Utilities	
Disposal	538.13
Pacific Gas & Electric Company	1,519.55
Total Utilities	2,057.68

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Ultimate Transportation N. America
Profit & Loss
January through December 2011

	Jan - Dec 11
Wages	
Hourly	28,418.90
Salary	99,665.42
TWH for Employee	36,314.63
Total Wages	164,398.95
Warehouse Supplies	5,017.28
Total Expense	249,743.61
Net Ordinary Income	-352,718.65
Other Income/Expense	
Other Income	
Interest Income	80.84
Total Other Income	80.84
Net Other Income	80.84
Net Income	**-352,637.81**

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Employee Handbook

ULTIMATE Transportation N. America, LLC.

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may not use, manufacture, distribute, purchase, transfer or possess an illegal drug while in ULTIMATE facilities. Drug policy is strictly enforced while operating a motor vehicle in the course of business or performing any job related purpose on company worksite. This policy does not prohibit the proper use of medication under the direction of a physician; however, misuse of such medications is prohibited. Breaking drug policy will lead to dismissal with zero tolerance. Compensatory and punitive damage caused by employee under the influence of drug may results in potential lawsuit against the employee.

Disciplinary Action
Employees who violate any of the above policies may be disciplined or terminated, even upon the first offense. Violations include consent refusal, resistance in compliance with drug or alcohol testing, or background search procedures as described.

Searches
ULTIMATE may conduct searches for illegal drugs or alcohol on company facilities or worksites without prior notice to employees. Such searches may be conducted at any time. Employees are expected to cooperate fully.

Searches of employees and their personal property may be conducted when there is reasonable suspicion to believe that the employee has violated this policy or when circumstances or workplace conditions justify such a search. Personal property may include, but is not limited to, purses, boxes, briefcases, as well as any ULTIMATE property that is provided for employees' personal use, such as desks, lockers, and files.

An employee's consent to a search is required as a condition of employment and the employee's refusal to consent may result in disciplinary action, including termination.

Drug Testing
ULTIMATE may require a blood test, urinalysis, hair test or other drug or alcohol screening of employees suspected of using or being under the influence of drugs or alcohol or where other circumstances or workplace conditions justify such testing. Refusal to consent to testing may result in disciplinary action, including termination.

Ethical and Legal Business Practices

ULTIMATE expects the highest standard of ethical conduct and fair dealing from each employee, officer, director, volunteer and all others associated with the Company. Our reputation is a valuable asset, and we must continually earn the trust, confidence and respect of our suppliers, our members, our customers and our community.

This policy provides general guidance on the ethical principles that we all must follow, but no guideline can anticipate all situations. You should also be guided by basic honesty and good judgment, and be sensitive to others' perceptions and interpretations.

If you have any questions about this policy, consult your supervisor or manager. Only the general manager may make exceptions to this policy.

You are expected to promptly disclose to the management of the company anything that may violate this policy. We will not tolerate retaliation or retribution against anyone who brings violations to management's attention.

Complying With Laws and Regulations

All our activities are to be conducted in compliance with the letter and spirit of all laws and regulations. You are charged with the responsibility of understanding the applicable laws, recognizing potential dangers and knowing when to seek legal advice.

USSC GROUP

USSC GROUP

150 GORDON DR.· EXTON, PA 19341
(610)-265-3610

26 March 2014

CSR Qingdao Sifang Co., Ltd.

C/O Jakes Associates, Inc. (JAI)

Attn: Steven Castaneda

2021 The Alameda, Suite 295

San Jose, CA 95126

RE: MBTA RFP CAP 27-10

Gentlemen,

The following document is USSC's response to your Section 1.6 "Questions Concerning Eligibility & Manufacturing Capability:

A. USSC does not currently possess a Certificate of Good Standing from the Secretary of State of the commonwealth of Massachusetts. We have, however, prepared forms for submittal of same.

B. USSC's owner is Mr. Christian Hammarskjold. 610 994 5414.

C. Corporate Officers:

Mr. Joseph Mirabile	General Counsel	610 994 5494
Mr. Ray Melleady	Managing Director – N. America	610 994 5404
Mr. Bill Rymer	CFO	610 994 5422
Mr. Rick Klotz	Managing Director – International	610 960 4277

D. No previous relationship with MBTA.

E. No default of any obligations with MBTA or any other state agency.

F. No officer or owner has ever been convicted of a felony of any law.

G. There are no pending lawsuits against the business or its owners.

H. Insurance agent:

Robert Greenwood Associates

P.O. Box 8002

Radnor, PA 19087

610 687 3830

Liberty Mutual Policy # TB7Z51289678

I. Three business credit references:

- Expeditors International

870 Ashland Avenue

Folcroft, PA 19032

610 534 2590

- Beam's Industries

C/O Amsafe Commercial Products, Inc.

22937 Gallatin Way

Elkhart, IN. 46514

574 970 2664

- Cornerstone Plastics

1027 Luck Road

Asheboro, NC 27203

336 629 1828

J. No owner or officers have ever filed for bankruptcy.

K. Audited financial statements:

USSC GROUP

150 GORDON DR. · EXTON, PA 19341
(610)-265-3610

USSC is a privately held business and as such we do not disclose our financial statements. Please contact our CFO – Bill Rymer at 610 994 5452 for alternative information.

L. Code of business ethics – The following is from the USSC Employee Handbook –

105 - Business Code of Ethics

USSC values honesty and integrity. You will not be permitted to achieve results at the cost of violations of the law, regulations or Company policies.

You shall not have any direct or indirect interest in, connection with, or benefit from, outside commercial activities, which may in any way, adversely affect the Company. Any such situation is considered a conflict of interest. Any questions regarding a situation which may involve the slightest possibility of a conflict of interest should immediately be addressed to your manager.

Ownership in, or acting in any capacity for any supplier, customer or other entity with which the Company does business is prohibited. You may not usurp a Company opportunity for your own benefit. The acceptance, directly or indirectly, of payments, services or loans from a supplier, customer or other entity with which the Company does business is prohibited. This includes the acceptance of gifts, trips, entertainment or other favors of more than nominal value, but excludes Company associated business-related activities or travel that can be proven to encourage business relations.

Employment with USSC assumes that during the course of your employment and after your termination you will not disclose or otherwise misuse confidential information, including, but not limited to trade secrets, customer lists, and other proprietary information and data, known only as a consequence of or through your employment.

M. All North American manufacturing is performed at our corporate headquarters in Exton, Pennsylvania. USSC has been manufacturing operator seats since 1984. Our operation is currently running at 44% capacity.

N. The Operator seat proposed for use in the Red and Orange line cars is our Model 9008. This is the same model seat provided to Rotem for use in MBTA's Bi-Level commuter cars. Several other end users include Wabtec and Motive Power.

O. All proposed equipment – operator seats and footrest assemblies – will be manufactured and assembled in Exton, Pennsylvania.

P. USSC has more than adequate capacity to produce the goods required to support this project.

UTC RAS

UTCRAS

RAIL SYSTEMS GROUP

Wheel, Axle, Bearing, Gearbox, Transmission, and Truck Divisions | AAR Certified

March 31, 2014

Steven M. Castaneda, PE
Vice President
JAI - Jakes Associates, Inc.
2021 The Alameda, Suite 295,
San Jose, CA 95126

Subject: RFP No. CAP 27-10, Part 2 - MBTA Questions to be addressed by Vendor:

Dear Mr. Castaneda:

Below are UTCRAS replies to the (12) questions from the MBTA.

1.) UTCRAS is awaiting MA Certificate of Good Standing.
2.) UTCRAS Owner: Betty Scott, 610-983-0102.
3.) UTCRAS Officers: Frank R. Ursone, 610-328-1100 x11.
Betty Scott, 610-983-0102.

4.) UTCRAS has not had a contractual relationship with MBTA.
5.) UTCRAS owners have never been in default of any obligations under a contract with the MBTA.
6.) UTCRAS owners have never been convicted of a Felony of Federal, State or Local laws.
7.) There are no pending lawsuits against the business.

8.) Francis Hall Insurance Services, Agent: Robert Hall
1065 Andrew Drive, Suite B1, West Chester, PA 19380
Phone # 610-696-5100, Fax # 610-696-9358
Account Name: UTCRAS, Inc.

9.) Business References attached.
10.) UTCRAS owners have never filed for bankruptcy.
11.) Three (3) years UTCRAS financial statements are attached.
12.) UTCRAS Business Code of Ethics is attached.

Sincerely,

Frank R. Ursone
President Rail Systems Group

cc: Anthony R. Ursone, UTCRAS
Charles E. Mullen, UTCRAS

UTCRAS
501 Highland Avenue
Morton, Pennsylvania 19070
Phone 610.328.1100 | Fax 610.544.6979
www.utcras.com

UTCRAS

AAR CERTIFIED - Wheel, Axle, & Bearing Shop

Legal Name: UTCRAS, Inc.
Address: 501 Highland Avenue
Morton, PA 19070

Phone: 610-328-1100
Fax: 610-544-6979
Fed ID: 23-3080861
Dunns: 141918560

Corporation: Incorporated in State of Pennsylvania
Date Established: 1983
Officers: Betty A. Scott, Chairperson& CEO
Frank R. Ursone, President
Plant Manager: Edward McManamy
Tax Exempt: Blanket Exemption Certificate attached
Type of Business: Manufacture and remanufacture railroad wheel assemblies for railroad car builders, transit authorities and class 1 railroads

Credit Reference:

Meridian Bank
92 Lancaster Avenue
West Chester, PA 19382

Checking Acct .No: 4007597
Contact: Jack Devenney
Phone: 484-905-5990
Fax: 484-905-5998

Trade References:

Alp Rail Industries
273 19th Avenue
Two Mountains, Quebec, Canada J7R4C9

Contact: Loren Cairns
Phone: 450-472-9291
Fax: 450-472-9379

TSS, Inc.
85 Abbottsford Drive
Pinehurst, NC 28374

Contact: Jeff Scofield
Phone: 910-585-2498
Fax: 910-687-0032

Walco
303 Allens Avenue
Providence, RI 02905

Contact: Mark Amato
Phone: 401-640-7169
Fax: 401-941-4451

Precision Roller Bearing Industries
P. O. Box 2025
Elizabethtown, KY 42702

Contact: Steve Younce
Phone: 270-735-1912
Fax: 270-735-1513

Accounts Payable Contact: Linda Kinworthy 610-328-1100

UTCRAS INC
Balance Sheet
December 31, 2012

ASSETS

CURRENT ASSETS			
CASH	$ 102,781.82		
ACCOUNTS RECEIVABLE	1,229,023.03		
ALLOWANCE FOR BAD DEBT	(25,000.00)		
DUE FROM (TO) MORTON COMMON	73,994.69		
INVENTORY	2,091,324.78		
PREPAID REAL ESTATE TAXES	22,137.48		
EXCHANGE ACCOUNT	3,361.84		
EMPLOYEE LOAN	4,925.00		
PREPAID EXPENSES/DEPOSIT	87,736.20		
TOTAL CURRENT ASSETS			3,590,284.84
PROPERTY AND EQUIPMENT			
BUILDING IMPROV MORTON	31,410.71		
BUILDING-MACHINE SHOP	39,508.48		
BUILDING - TRUCK SHOP	6,296.62		
PLANT EQUIPMENT	3,053,265.35		
OFFICE FURNITURE & EQUIPMENT	94,335.81		
MEXICAN EQUIP CAPITAL	115,000.00		
TRUCKS AND AUTOS	59,325.82		
TOTAL PROPERTY AND EQUIPMENT	3,399,142.79		
LESS ACCUMULATED DEPRECIATIO	(2,316,832.21)		
NET PROPERTY AND EQUIPMENT			1,082,310.58
OTHER ASSETS			
LOAN COSTS	36,959.08		
ACCUM AMORT BUILD LOAN COST	(15,707.62)		
NET LOAN COSTS	21,251.46		
TOTAL OTHER ASSETS			21,251.46
TOTAL ASSETS		$	4,693,846.88

UTCRAS INC
Balance Sheet
December 31, 2012

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

CURRENT LIABILITIES		
ACCOUNTS PAYABLE	$ 506,723.42	
AMERICAN EXPRESS GOLD	16,012.68	
AMERICAN EXPRESS PLUM	8,242.29	
CAPITAL ONE	2,476.57	
CHASE BANK	9,762.55	
CUSTOMER DEPOSIT	42,744.00	
PAYROLL TAXES AND WITHHOLDI	1,745.38	
ACCRUED EXPENSE	254,591.02	
ACCRUED PAYROLL	49,194.31	
ACCRUED PROFESSIONAL FEES	5,000.00	
ACCRUED PROFIT SHARING EXPEN	100,000.00	
ACCRUED INTEREST	1,872.10	
ACCRUED VACATION & HOLIDAY	64,872.16	
TOTAL CURRENT LIABILITIES		1,063,236.48
LONG-TERM LIABILITIES		
MERIDIAN - TERM LOAN	624,033.65	
LEASE PAYABLE-WELLS FARGO CN	386,846.71	
LEASE PAYABLE-WELLS FARGO	8,555.88	
LEASE PAYABLE YALE FORKLIFT	15,293.45	
TOTAL LONG-TERM LIABILITIES		1,034,729.69
TOTAL LIABILITIES		2,097,966.17
STOCKHOLDERS' EQUITY		
ADDT'L PAID IN CAPITAL	1,559,936.68	
Common Stock	1,000.00	
STOCKHOLDERS DISTRIBUTIONS	(115,749.00)	
RETAINED EQUITY	747,981.45	
Net Income	402,711.58	
TOTAL STOCKHOLDERS' EQUITY		2,595,880.71
TOTAL LIABILITIES AND EQUITY		$ 4,693,846.88

UTCRAS INC
Income Statement
For the Twelve Months Ending December 31, 2012

	Current Month		Year to Date	
REVENUES				
SALES	13,766,417.83	98.61	13,766,417.83	98.61
SALES RETURN AND ALLOWANCE	(23,309.82)	(0.17)	(23,309.82)	(0.17)
SCRAP INCOME	215,626.53	1.54	215,626.53	1.54
NET REVENUES	13,958,734.54	99.99	13,958,734.54	99.99
COST OF SALES				
MATERIAL	7,987,361.35	57.21	7,987,361.35	57.21
DIRECT LABOR	1,479,603.67	10.60	1,479,603.67	10.60
LABOR-MAINT DEPT	82,130.42	0.59	82,130.42	0.59
FREIGHT	276,199.18	1.98	276,199.18	1.98
MANUFACTURING OVERHEAD				
CONSULTANT/1099	10,679.75	0.08	10,679.75	0.08
VACATION & HOLIDAY	107,241.68	0.77	107,241.68	0.77
401 K EMPLOYER SHOP	93,430.62	0.67	93,430.62	0.67
401K EMPLOYER-MAINT DEPT	5,389.01	0.04	5,389.01	0.04
SAFETY EXPENSE	61,049.47	0.44	61,049.47	0.44
QA/QC EXPENSE	23,922.98	0.17	23,922.98	0.17
SUPPLIES - WELDING/FABRICATIN	18,054.75	0.13	18,054.75	0.13
SHOP SUPPLIES & EXPENSES	196,221.76	1.41	196,221.76	1.41
SHOP OFFICE SUPPLIES	4,290.48	0.03	4,290.48	0.03
SHOP TOOL EXPENSE	50,211.44	0.36	50,211.44	0.36
LAB TESTING	10,990.50	0.08	10,990.50	0.08
EQUIP RENTAL/LEASE SHOP	15,447.88	0.11	15,447.88	0.11
TRUCK EXPENSE	10,075.76	0.07	10,075.76	0.07
P/R TAX EXP - SHOP	138,140.76	0.99	138,140.76	0.99
PR TAX - MAINT DEPT	7,731.41	0.06	7,731.41	0.06
EMPLOYEE BENEFITS	11,516.49	0.08	11,516.49	0.08
HEALTH INSURANCE SHOP	254,155.71	1.82	254,155.71	1.82
HEALTH INS-MAINT DEPT	20,910.03	0.15	20,910.03	0.15
REPAIRS & MAINT/SHOP	171,277.85	1.23	171,277.85	1.23
REPAIRS/MAINT - TRUCK SHOP	768.60	0.01	768.60	0.01
PROPERTY & LIABILITY-SHOP	122,315.47	0.88	122,315.47	0.88
TRUCK/AUTO INS	5,328.00	0.04	5,328.00	0.04
WORKERS COMP-SHOP	98,032.90	0.70	98,032.90	0.70
EPL INSURANCE & AGENCY FEE	10,260.00	0.07	10,260.00	0.07
DEPRECIATION/SHOP	203,061.96	1.45	203,061.96	1.45
RENT - SHOP	120,000.00	0.86	120,000.00	0.86
WATER AQUA PA	4,425.59	0.03	4,425.59	0.03
PHILA/GAS & ELECTRIC	122,805.56	0.88	122,805.56	0.88
R/E TAXES/ SHOP-UTC	60,475.88	0.43	60,475.88	0.43
TOTAL COST OF SALES	11,783,506.91	84.41	11,783,506.91	84.41
GROSS PROFIT	2,175,227.63	15.58	2,175,227.63	15.58
GENERAL & ADMINISTRATIVE				
SALARIES - OFFICE	581,914.69	4.17	581,914.69	4.17
MARKETING/SALES EXPENSE	214,064.72	1.53	214,064.72	1.53
SALESMAN SALARY	44,000.00	0.32	44,000.00	0.32
P/R TAX EXP OFFICE	37,650.92	0.27	37,650.92	0.27
PR TAX - MARKETING	10,258.88	0.07	10,258.88	0.07
OFFICERS LIFE INSURANCE	63,348.70	0.45	63,348.70	0.45
HEALTH INSURANCE OFFICE	60,568.32	0.43	60,568.32	0.43
REPAIR/MAINT/OFFICE	27,527.98	0.20	27,527.98	0.20
PROPERTY & LIABILITY-OFFICE	4,164.00	0.03	4,164.00	0.03
401 K EMPLOYER OFFICE	55,374.54	0.40	55,374.54	0.40

UTCRAS INC
Income Statement
For the Twelve Months Ending December 31, 2012

	Current Month		Year to Date	
TRAVEL/LODGING	63,741.74	0.46	63,741.74	0.46
GAS/TOLLS/PARKING	12,936.95	0.09	12,936.95	0.09
POSTAGE	4,040.80	0.03	4,040.80	0.03
WORKERS COMP-OFFICE	2,703.34	0.02	2,703.34	0.02
WORKERS COMP - MARKETING	1,611.36	0.01	1,611.36	0.01
AUTO LEASE RENTAL	8,640.00	0.06	8,640.00	0.06
AUTO EXPENSE	45,114.05	0.32	45,114.05	0.32
MEALS & ENTERTAINMENT	67,345.73	0.48	67,345.73	0.48
COMMISSION/CONSULTING FEES	62,724.83	0.45	62,724.83	0.45
PROFESSIONAL FEES	69,054.11	0.49	69,054.11	0.49
ADVERTISING	48,900.43	0.35	48,900.43	0.35
BANK FEES	1,179.00	0.01	1,179.00	0.01
DUES & SUBSCRIPTIONS	23,588.54	0.17	23,588.54	0.17
EDUCATIONAL/TRAINING	1,653.70	0.01	1,653.70	0.01
OFFICE EXPENSE	77,642.31	0.56	77,642.31	0.56
RENT-OFFICE	36,000.00	0.26	36,000.00	0.26
EQUIPMENT RENTAL OFFICE	10,187.52	0.07	10,187.52	0.07
DEPRECIATION/OFFICE	6,154.35	0.04	6,154.35	0.04
TELEPHONE	33,200.28	0.24	33,200.28	0.24
TRASH REMOVAL	12,830.23	0.09	12,830.23	0.09
TAXES OTHER	2,975.76	0.02	2,975.76	0.02
CONTRIBUTIONS	5,925.00	0.04	5,925.00	0.04
TOTAL GENERAL & ADMIN	1,697,022.78	12.16	1,697,022.78	12.16
OTHER REVENUE AND (EXPENSES)				
AMORTIZATION	(7,391.76)	(0.05)	(7,391.76)	(0.05)
INTEREST-WELLS FARGO-CNC	(18,727.43)	(0.13)	(18,727.43)	(0.13)
INTEREST YALE FORKLIFT	(1,293.39)	(0.01)	(1,293.39)	(0.01)
INTEREST-MERIDIAN LOC	(131.94)	0.00	(131.94)	0.00
INTEREST-MERIDIAN TERM LOAN	(49,319.25)	(0.35)	(49,319.25)	(0.35)
INTEREST OTHER	(242.59)	0.00	(242.59)	0.00
INTEREST INCOME	1,613.09	0.01	1,613.09	0.01
TOTAL OTHER REVENUE/(EXP)	(75,493.27)	(0.54)	(75,493.27)	(0.54)
NET INCOME (LOSS)	$ 402,711.58	2.88	$ 402,711.58	2.88

UTCRAS INC
Balance Sheet
December 31, 2011

ASSETS

CURRENT ASSETS			
CASH	$	425,536.32	
ACCOUNTS RECEIVABLE - OTHER		35,182.00	
ACCOUNTS RECEIVABLE		1,527,760.07	
ALLOWANCE FOR BAD DEBT		(25,000.00)	
DUE FROM (TO) MORTON COMMON		29,324.24	
INVENTORY		1,801,725.75	
PREPAID REAL ESTATE TAXES		21,515.93	
PREPAID EXPENSES		457.93	
EXCHANGE ACCOUNT		75,059.31	
EMPLOYEE LOAN		4,925.00	
PREPAID EXPENSES/DEPOSIT		86,765.16	
TOTAL CURRENT ASSETS			3,983,251.71
PROPERTY AND EQUIPMENT			
BUILDING-MACHINE SHOP		5,868.93	
BUILDING - TRUCK SHOP		1,111.62	
PLANT EQUIPMENT		2,919,475.08	
OFFICE FURNITURE & EQUIPMENT		81,570.89	
MEXICAN EQUIP CAPITAL		115,000.00	
TRUCKS AND AUTOS		59,325.82	
TOTAL PROPERTY AND EQUIPMENT		3,182,352.34	
LESS ACCUMULATED DEPRECIATIO		(2,107,615.90)	
NET PROPERTY AND EQUIPMENT			1,074,736.44
OTHER ASSETS			
LOAN COSTS		36,959.08	
ACCUM AMORT BUILD LOAN COST		(8,315.86)	
NET LOAN COSTS		28,643.22	
TOTAL OTHER ASSETS			28,643.22
TOTAL ASSETS			$ 5,086,631.37

UTCRAS INC
Balance Sheet
December 31, 2011

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	$ 626,855.10	
AMERICAN EXPRESS GOLD	16,724.75	
AMERICAN EXPRESS PLUM	18,877.30	
CAPITAL ONE	4,837.48	
CHASE BANK	7,075.34	
CUSTOMER DEPOSIT	275,311.20	
PAYROLL TAXES AND WITHHOLDI	1,478.27	
ACCRUED EXPENSE	152,952.01	
ACCRUED PAYROLL	37,603.92	
ACCRUED PROFESSIONAL FEES	15,000.00	
ACCRUED PROFIT SHARING EXPEN	125,000.00	
ACCRUED INTEREST	68,691.33	
ACCRUED VACATION & HOLIDAY	114,122.91	
TOTAL CURRENT LIABILITIES		1,464,529.61
LONG-TERM LIABILITIES		
MERIDIAN - TERM LOAN	810,776.53	
LEASE PAYABLE-WELLS FARGO CN	465,634.94	
LEASE PAYABLE-WELLS FARGO	14,246.34	
LEASE PAYABLE YALE FORKLIFT	22,525.82	
TOTAL LONG-TERM LIABILITIES		1,313,183.63
TOTAL LIABILITIES		2,777,713.24
STOCKHOLDERS' EQUITY		
Common Stock	1,000.00	
STOCKHOLDERS DISTRIBUTIONS	(25,429.00)	
RETAINED EQUITY	1,586,457.85	
Net Income	746,889.28	
TOTAL STOCKHOLDERS' EQUITY		2,308,918.13
TOTAL LIABILITIES AND EQUITY		$ 5,086,631.37

UTCRAS
Income Statement
For the Twelve Months Ending December 31, 2011

	Current Month		Year to Date	
REVENUES				
SALES	10,184,178.68	97.89	10,184,178.68	97.89
SALES RETURN AND ALLOWANCE	(37,669.50)	(0.36)	(37,669.50)	(0.36)
SCRAP INCOME	256,660.46	2.47	256,660.46	2.47
NET REVENUES	10,403,169.64	99.99	10,403,169.64	99.99
COST OF SALES				
MATERIAL	4,611,765.88	44.33	4,611,765.88	44.33
DIRECT LABOR	1,292,061.83	12.42	1,292,061.83	12.42
LABOR-MAINT DEPT	78,747.46	0.76	78,747.46	0.76
FREIGHT	207,849.06	2.00	207,849.06	2.00
MANUFACTURING OVERHEAD				
CONSULTANT/1099	2,111.25	0.02	2,111.25	0.02
VACATION & HOLIDAY	195,386.80	1.88	195,386.80	1.88
401 K EMPLOYER SHOP	106,958.37	1.03	106,958.37	1.03
401K EMPLOYER-MAINT DEPT	8,826.73	0.08	8,826.73	0.08
SAFETY EXPENSE	6,835.17	0.07	6,835.17	0.07
QA/QC EXPENSE	22,480.16	0.22	22,480.16	0.22
SUPPLIES - WELDING/FABRICATIN	16,821.26	0.16	16,821.26	0.16
SUPPLIES - TRUCK SHOP	82.83	0.00	82.83	0.00
SHOP SUPPLIES & EXPENSES	79,470.91	0.76	79,470.91	0.76
SHOP OFFICE SUPPLIES	4,298.04	0.04	4,298.04	0.04
SHOP TOOL EXPENSE	28,970.93	0.28	28,970.93	0.28
LAB TESTING	1,000.00	0.01	1,000.00	0.01
EQUIP RENTAL/LEASE SHOP	72,442.71	0.70	72,442.71	0.70
TRUCK EXPENSE	3,132.20	0.03	3,132.20	0.03
P/R TAX EXP - SHOP	124,384.61	1.20	124,384.61	1.20
PR TAX - MAINT DEPT	6,995.11	0.07	6,995.11	0.07
EMPLOYEE BENEFITS	27,581.62	0.27	27,581.62	0.27
HEALTH INSURANCE SHOP	280,090.86	2.69	280,090.86	2.69
HEALTH INS-MAINT DEPT	16,473.22	0.16	16,473.22	0.16
REPAIRS/MAINT - WELDING/FAB	215.00	0.00	215.00	0.00
REPAIRS & MAINT/SHOP	165,473.86	1.59	165,473.86	1.59
PROPERTY & LIABILITY-SHOP	105,389.50	1.01	105,389.50	1.01
PROPERTY & LIABILITY-OFFICE	5,525.48	0.05	5,525.48	0.05
TRUCK/AUTO INS	3,947.11	0.04	3,947.11	0.04
WORKERS COMP-SHOP	93,562.07	0.90	93,562.07	0.90
EPL INSURANCE & AGENCY FEE	6,197.40	0.06	6,197.40	0.06
DEPRECIATION/SHOP	150,207.01	1.44	150,207.01	1.44
RENT - SHOP	120,000.00	1.15	120,000.00	1.15
WATER AQUA PA	4,185.16	0.04	4,185.16	0.04
PHILA/GAS & ELECTRIC	145,153.89	1.40	145,153.89	1.40
R/E TAXES/ SHOP-UTC	62,916.74	0.60	62,916.74	0.60
TOTAL COST OF SALES	8,057,540.23	77.45	8,057,540.23	77.45
GROSS PROFIT	2,345,629.41	22.55	2,345,629.41	22.55
GENERAL & ADMINISTRATIVE				
SALARIES - OFFICE	419,245.98	4.03	419,245.98	4.03
MARKETING/SALES EXPENSE	146,405.08	1.41	146,405.08	1.41
SALESMAN SALARY	25,500.00	0.25	25,500.00	0.25
P/R TAX EXP OFFICE	28,539.03	0.27	28,539.03	0.27
PR TAX - MARKETING	9,080.13	0.09	9,080.13	0.09
OFFICERS LIFE INSURANCE	62,319.42	0.60	62,319.42	0.60
HEALTH INSURANCE OFFICE	74,407.45	0.72	74,407.45	0.72
REPAIR/MAINT/OFFICE	21,516.41	0.21	21,516.41	0.21

UTCRAS
Income Statement
For the Twelve Months Ending December 31, 2011

	Current Month		Year to Date	
401 K EMPLOYER OFFICE	57,692.71	0.55	57,692.71	0.55
TRAVEL/LODGING	58,546.29	0.56	58,546.29	0.56
GAS/TOLLS/PARKING	9,624.01	0.09	9,624.01	0.09
POSTAGE	3,610.03	0.03	3,610.03	0.03
WORKERS COMP-OFFICE	3,898.42	0.04	3,898.42	0.04
AUTO LEASE RENTAL	9,374.40	0.09	9,374.40	0.09
AUTO EXPENSE	44,772.16	0.43	44,772.16	0.43
MEALS & ENTERTAINMENT	63,206.23	0.61	63,206.23	0.61
COMMISSION/CONSULTING FEES	29,024.27	0.28	29,024.27	0.28
PROFESSIONAL FEES	137,523.75	1.32	137,523.75	1.32
BUSINESS DEVELOPMENT	434.27	0.00	434.27	0.00
ADVERTISING	66,736.92	0.64	66,736.92	0.64
BANK FEES	1,983.01	0.02	1,983.01	0.02
DUES & SUBSCRIPTIONS	21,560.55	0.21	21,560.55	0.21
EDUCATIONAL/TRAINING	1,420.19	0.01	1,420.19	0.01
OFFICE EXPENSE	62,810.63	0.60	62,810.63	0.60
RENT-OFFICE	36,000.00	0.35	36,000.00	0.35
EQUIPMENT RENTAL OFFICE	9,718.69	0.09	9,718.69	0.09
DEPRECIATION/OFFICE	5,893.91	0.06	5,893.91	0.06
TELEPHONE	34,139.54	0.33	34,139.54	0.33
TRASH REMOVAL	12,438.71	0.12	12,438.71	0.12
MISCELLANEOUS	190.00	0.00	190.00	0.00
BAD DEBTS	40,928.25	0.39	40,928.25	0.39
TAXES OTHER	3,697.22	0.04	3,697.22	0.04
CONTRIBUTIONS	2,750.00	0.03	2,750.00	0.03
TOTAL GENERAL & ADMIN	1,504,987.66	14.47	1,504,987.66	14.47
OTHER REVENUE AND (EXPENSES)				
AMORTIZATION	(7,391.88)	(0.07)	(7,391.88)	(0.07)
INTEREST YALE FORKLIFT	(3,978.76)	(0.04)	(3,978.76)	(0.04)
INTEREST-MERIDIAN LOC	(20,526.94)	(0.20)	(20,526.94)	(0.20)
INTEREST-MERIDIAN TERM LOAN	(61,509.50)	(0.59)	(61,509.50)	(0.59)
INTEREST OTHER	(1,015.73)	(0.01)	(1,015.73)	(0.01)
INTEREST INCOME	654.94	0.01	654.94	0.01
OTHER INCOME	15.40	0.00	15.40	0.00
TOTAL OTHER REVENUE/(EXP)	(93,752.47)	(0.90)	(93,752.47)	(0.90)
NET INCOME (LOSS)	$ 746,889.28	7.18	$ 746,889.28	7.18

UTCRAS INC
Balance Sheet
December 31, 2010

ASSETS

CURRENT ASSETS			
CASH	$ 22,911.25		
ACCOUNTS RECEIVABLE - OTHER	40,928.25		
ACCOUNTS RECEIVABLE	1,253,397.79		
ALLOWANCE FOR BAD DEBT	(25,000.00)		
DUE FROM (TO) MORTON COMMON	(119,945.90)		
INVENTORY	2,607,389.00		
PREPAID REAL ESTATE TAXES	23,401.59		
EXCHANGE ACCOUNT	1,031.84		
EMPLOYEE LOAN	4,925.00		
ADVANCE S J PERSSON	3,707.02		
PREPAID EXPENSES/DEPOSIT	33,661.48		
TOTAL CURRENT ASSETS		3,846,407.32	
PROPERTY AND EQUIPMENT			
BUILDING-MACHINE SHOP	2,010.00		
PLANT EQUIPMENT	2,378,747.36		
OFFICE FURNITURE & EQUIPMENT	73,922.99		
MEXICAN EQUIP CAPITAL	115,000.00		
TRUCKS AND AUTOS	59,325.82		
TOTAL PROPERTY AND EQUIPMENT	2,629,006.17		
LESS ACCUMULATED DEPRECIATIO	(1,951,514.98)		
NET PROPERTY AND EQUIPMENT		677,491.19	
OTHER ASSETS			
LOAN COSTS	36,905.84		
ACCUM AMORT BUILD LOAN COST	(923.98)		
NET LOAN COSTS	35,981.86		
TOTAL OTHER ASSETS		35,981.86	
TOTAL ASSETS		$ 4,559,880.37	

UTCRAS INC
Balance Sheet
December 31, 2010

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

CURRENT LIABILITIES		
MERIDIAN - LOC	$ 1,026,000.00	
LOAN PAYABLE SHAREHOLDER-BA	45,011.00	
ACCOUNTS PAYABLE	523,257.35	
AMERICAN EXPRESS GOLD	8,136.25	
AMERICAN EXPRESS PLUM	8,361.89	
CAPITAL ONE	4,428.08	
CHASE BANK	11,306.99	
CUSTOMER DEPOSIT	94,862.91	
PAYROLL TAXES AND WITHHOLDI	773.57	
ACCR'D PAYROLL TAXES	212.40	
ACCRUED EXPENSE	16,777.91	
ACCRUED PAYROLL	40,876.69	
ACCRUED PROFESSIONAL FEES	4,800.00	
ACCRUED PROFIT SHARING EXPEN	100,000.00	
ACCRUED INTEREST	72,920.04	
ACCRUED VACATION & HOLIDAY	44,362.80	
TOTAL CURRENT LIABILITIES		2,002,087.88
LONG-TERM LIABILITIES		
MERIDIAN - TERM LOAN	985,345.64	
LEASE PAYABLE YALE FORKLIFT	30,000.00	
TOTAL LONG-TERM LIABILITIES		1,015,345.64
TOTAL LIABILITIES		3,017,433.52
STOCKHOLDERS' EQUITY		
Common Stock	1,000.00	
RETAINED EQUITY	1,473,056.74	
Net Income	68,390.11	
TOTAL STOCKHOLDERS' EQUITY		1,542,446.85
TOTAL LIABILITIES AND EQUITY		$ 4,559,880.37

UTCRAS INC
Income Statement
For the Twelve Months Ending December 31, 2010

	Current Month		Year to Date	
REVENUES				
SALES	6,750,350.39	99.65	6,750,350.39	99.65
SALES RETURN AND ALLOWANCE	(13,774.93)	(0.20)	(13,774.93)	(0.20)
SCRAP INCOME	37,560.05	0.55	37,560.05	0.55
NET REVENUES	6,774,135.51	100.00	6,774,135.51	100.00
COST OF SALES				
MATERIAL	4,738,267.59	69.94	4,738,267.59	69.94
DIRECT LABOR	1,165,968.29	17.21	1,165,968.29	17.21
LABOR-MAINT DEPT	9,235.63	0.14	9,235.63	0.14
FREIGHT	28,888.30	0.43	28,888.30	0.43
MANUFACTURING OVERHEAD				
REPAIRS/MAINT - DOOR POCKETS	7,251.54	0.11	7,251.54	0.11
401 K EMPLOYER SHOP	12,490.28	0.18	12,490.28	0.18
401K EMPLOYER-MAINT DEPT	815.94	0.01	815.94	0.01
SAFETY EXPENSE	1,779.87	0.03	1,779.87	0.03
QA/QC EXPENSE	2,127.98	0.03	2,127.98	0.03
SUPPLIES - WELDING/FABRICATIN	2,682.25	0.04	2,682.25	0.04
SHOP SUPPLIES & EXPENSES	25,585.11	0.38	25,585.11	0.38
SHOP OFFICE SUPPLIES	809.97	0.01	809.97	0.01
SHOP TOOL EXPENSE	7,002.19	0.10	7,002.19	0.10
EQUIP RENTAL/LEASE SHOP	1,381.32	0.02	1,381.32	0.02
TRUCK EXPENSE	2,766.56	0.04	2,766.56	0.04
P/R TAX EXP - SHOP	11,493.17	0.17	11,493.17	0.17
PR TAX - MAINT DEPT	593.80	0.01	593.80	0.01
EMPLOYEE BENEFITS	17,909.27	0.26	17,909.27	0.26
HEALTH INSURANCE SHOP	23,604.95	0.35	23,604.95	0.35
HEALTH INS-MAINT DEPT	1,105.14	0.02	1,105.14	0.02
REPAIRS/MAINT - WELDING/FAB	2,201.87	0.03	2,201.87	0.03
REPAIRS & MAINT/SHOP	8,500.86	0.13	8,500.86	0.13
PROPERTY & LIABILITY-SHOP	11,654.38	0.17	11,654.38	0.17
TRUCK/AUTO INS	257.56	0.00	257.56	0.00
WORKERS COMP-SHOP	11,291.16	0.17	11,291.16	0.17
EPL INSURANCE & AGENCY FEE	466.52	0.01	466.52	0.01
DEPRECIATION/SHOP	23,022.48	0.34	23,022.48	0.34
RENT - SHOP	13,975.02	0.21	13,975.02	0.21
WATER AQUA PA	266.86	0.00	266.86	0.00
PHILA/GAS & ELECTRIC	14,148.69	0.21	14,148.69	0.21
TENANT / GAS & ELECTRIC	(1.00)	0.00	(1.00)	0.00
R/E TAXES/ SHOP-UTC	7,587.41	0.11	7,587.41	0.11
TOTAL COST OF SALES	6,155,130.96	90.86	6,155,130.96	90.86
GROSS PROFIT	619,004.55	9.14	619,004.55	9.14
GENERAL & ADMINISTRATIVE				
SALARIES - OFFICE	57,696.71	0.85	57,696.71	0.85
MARKETING/SALES EXPENSE	15,673.05	0.23	15,673.05	0.23
SALESMAN SALARY	3,200.00	0.05	3,200.00	0.05
P/R TAX EXP OFFICE	1,445.55	0.02	1,445.55	0.02
PR TAX - MARKETING	188.24	0.00	188.24	0.00
CREDIT CARD EXP-BAS	8,838.05	0.13	8,838.05	0.13
OFFICERS LIFE INSURANCE	9,348.77	0.14	9,348.77	0.14
HEALTH INSURANCE OFFICE	6,637.61	0.10	6,637.61	0.10
REPAIR/MAINT/OFFICE	5,165.00	0.08	5,165.00	0.08
PROPERTY & LIABILITY-OFFICE	4,289.93	0.06	4,289.93	0.06
401 K EMPLOYER OFFICE	5,022.01	0.07	5,022.01	0.07

UTCRAS INC
Income Statement
For the Twelve Months Ending December 31, 2010

	Current Month		Year to Date	
TRAVEL/LODGING	1,752.27	0.03	1,752.27	0.03
GAS/TOLLS/PARKING	1,050.79	0.02	1,050.79	0.02
POSTAGE	419.25	0.01	419.25	0.01
WORKERS COMP-OFFICE	470.46	0.01	470.46	0.01
AUTO LEASE RENTAL	10,463.83	0.15	10,463.83	0.15
AUTO EXPENSE	4,840.91	0.07	4,840.91	0.07
MEALS & ENTERTAINMENT	10,083.26	0.15	10,083.26	0.15
COMMISSION/CONSULTING FEES	5,000.00	0.07	5,000.00	0.07
PROFESSIONAL FEES	26,504.87	0.39	26,504.87	0.39
BUSINESS DEVELOPMENT	20.00	0.00	20.00	0.00
ADVERTISING	1,850.00	0.03	1,850.00	0.03
BANK FEES	810.40	0.01	810.40	0.01
DUES & SUBSCRIPTIONS	2,671.45	0.04	2,671.45	0.04
EDUCATIONAL/TRAINING	498.00	0.01	498.00	0.01
OFFICE EXPENSE	9,970.59	0.15	9,970.59	0.15
RENT-OFFICE	329,918.31	4.87	329,918.31	4.87
EQUIPMENT RENTAL OFFICE	929.57	0.01	929.57	0.01
DEPRECIATION/OFFICE	692.55	0.01	692.55	0.01
TELEPHONE	6,102.70	0.09	6,102.70	0.09
TRASH REMOVAL	1,489.10	0.02	1,489.10	0.02
TAXES OTHER	612.00	0.01	612.00	0.01
CONTRIBUTIONS	700.00	0.01	700.00	0.01
TOTAL GENERAL & ADMIN	534,355.23	7.89	534,355.23	7.89
OTHER REVENUE AND (EXPENSES)				
AMORTIZATION	(923.98)	(0.01)	(923.98)	(0.01)
INTEREST-MERIDIAN LOC	(6,127.50)	(0.09)	(6,127.50)	(0.09)
INTEREST-MERIDIAN TERM LOAN	(8,018.54)	(0.12)	(8,018.54)	(0.12)
INTEREST OTHER	(399.00)	(0.01)	(399.00)	(0.01)
INTEREST INCOME	79.69	0.00	79.69	0.00
TOTAL OTHER REVENUE/(EXP)	(15,389.33)	(0.23)	(15,389.33)	(0.23)
MORTON RENTAL INCOME	176.92	0.00	176.92	0.00
PROPERTY & LIABILITY-RENTAL	(647.46)	(0.01)	(647.46)	(0.01)
R/E TAXES/ RENTAL	(399.34)	(0.01)	(399.34)	(0.01)
NET INCOME (LOSS)	$ 68,390.11	1.01	$ 68,390.11	1.01

UTC RAS
RAIL SYSTEMS GROUP
AAR Certified
WHEEL/AXLE ASSEMBLIES, ROLLER BEARING, GEARBOX TRANSMISSION & TRUCK ASSEMBLY DIVISIONS

Code of Ethics and Business Conduct

Values - Vision – Strengths

ONE CODE

Our Code of Ethics and Business Conduct is intended to promote lawful and ethical behavior by all members of the board of directors and all dominion and non dominion employees.

UTCRAS' Code of Ethics and Business Conducts purpose is to ensure that the company and those acting on its behalf conducts business according to our core values and all applicable company policies and legal requirements. This Code covers a broad range of issues, including such things as workplace safety, conflicts of interest, integrity, fairness, use of company assets, protection of employee and customer information, manufacturing and quality standards.

Definitions:

- Core Values –Respect, Integrity, Performance Excellence, Accountability.
- Applicable Company Policies – General Work Rules, Safety Work Rules & Safety Programs, Drug/Alcohol Free Workplace, Job Specific Work Rules, Business Conduct, Financial and Medical Records, Confidentiality, UTCRAS and Other Company' property, Manufacturing Procedures, Quality Procedures.
- Legal Requirements – Follow all County, State and Federal Laws. Follow all Legal Bonding Documents.

501 Highland Ave. • P. O. Box 319 • Morton, Pennsylvania 19070
• 610-328-1100 • 800-421-3404 • Facsimile 610-544-6979

VAPOR STONE

SECTION B
PART B TECHNICAL PROPOSAL AND
STATEMENTS AND CERTIFICATIONS REGARDING ELIGIBILITY

QUALIFICATIONS AND CERTIFICATIONS

NOTE: The Authority reserves the right to audit compliance with respect to each of the required statements and certifications in the forms submitted by Offerors, including but not limited to the Domestic U.S. Content Certification, Domestic U.S. Content Worksheet, and Final Assembly of Production (Non-Pilot) Vehicles in Massachusetts.

Questions Concerning Eligibility

Provide short answers (and attach relevant documents) to the following questions and requests:

1. Attach relevant Certificate of Good Standing from the Secretary of State of the Commonwealth of Massachusetts. Please see Appendix 1 on next page.

2. Provide the names and telephone numbers of all business owners, shareholders if not a publicly held corporation, and/or members if a limited liability company.
   Publicly Traded, WAB NYSE.
3. Provide the names, title and telephone numbers of all officers.
   Please see attached Appendix II.
4. Has the business or an owner or shareholder of the business ever had a prior contractual relationship with the MBTA? If yes, please describe relationship.
   Vapor Stone Rail Systems Aftermarket
5. Has the business or an owner or shareholder of the business ever been in default of any obligations under a contract with the MBTA, any other Massachusetts state agency or any federal agency? If yes, please describe the circumstances. Please indicate whether it resulted in a termination for cause. No

6. Have any of the business owners, shareholders, or officers every been convicted of felony violations of Federal, state or local laws? If yes, please describe the circumstances. No

7. Are there any pending recent law suits against the business or any of its owners or shareholders? If yes, please describe the circumstances. No

8. Provide the name, address, account number, contact person and telephone number of the insurance agent responsible for procuring insurance required by the Solicitation Documents. Please see Westinghouse Air Brake Technologies filings with the SEC for all corporate related information including legal and financials.
9. Provide the name, address, contact person and telephone of three business credit references, including but not limited to your primary banking institution.
   Please see attached Appendix III.
10. Has the business or any of the business's owners or shareholders ever filed for bankruptcy or invoked insolvency proceedings under state law?

Vapor Stone Rail Systems,
a division of Westinghouse Air Brake Technologies Corporation, d/b/a Wabtec Corp.

11. Provide the last three (3) years of audited financial statements, or reasonable equivalent of the Offeror. If the Offeror is a joint venture or other combination of business entities, provide the last three (3) years audited financial statements for each entity. Please see Westinghouse Air Brake Technologies filings with the SEC for all Financial information.
12. Provide the business's current code of business ethics or equivalent.

Please see attached Appendix IV.

Appendix I

Vapor Stone Rail Systems Response to Question #1:

In the event Westinghouse Air Brake Technologies Corporation ("Wabtec") is awarded a Contract as a result of this proposal, Wabtec will immediately register to do business in Massachusetts as a foreign corporation.

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION

Officer	Title	Telephone Number
Albert J. Neupaver	Chief Operating Officer	1+412/825-1000
Raymond T. Betler	President & Chief Operating Officer	1+412/825-1000
Alvaro Garcia-Tunon	Executive Vice President & Chief Financial Officer	1+412/825-1000
David J. Meyer	Vice President – Group Executive - Transit	1+412/825-1000
Robert Dezzi	Vice President/General Manager – Transit	1+864/433-6475
Patrick D. Dugan	Senior Vice President – Finance	1+412/825-1000
Scott Wahlstrom	Senior Vice President – Human Resourses	1+412/825-1000

Vapor Stone
RAIL SYSTEMS
A Wabtec company

CREDIT REFERENCE

Business address:	**Shipping address:**	**Phone** (518) 561-0044
72, Arizona Avenue	72, Arizona Avenue	**Fax** (518) 561-1081
Plattsburgh, NY 12903	Plattsburgh, NY 12903	

BANK INFORMATION

JPM Credit Inquiry/ Audit Team
817-345-3795

Account #: 6301489807509

MAJOR SUPPLIERS- Name, address and phone number.

Supplier 1	**Supplier 2**	**Supplier 3**
Allen Machine	Cygnus Inc.	BW Elliot
120. Ricefield LN.	510 east, 41st street	11, Beckwith Ave.
Hauppage, NY	Paterson, NJ	Binghamton, NY
11788	07504	13902
(631) 630-8800	(973) 523-0668	(607) 348-1389

GENERAL INFORMATION

Parent company:	Westinghouse Air Brake Technology Corporation doing business as 'Wabtec Corp.'
Business name:	Vapor Stone Rail Systems, division of Wabtec
Nature of business:	Manufacturing
Tax ID number:	251615902

Bernard Filion, CGA
Controller

Wabtec Corporation
1001 Air Brake Avenue, Wilmerding, PA. 15148

SUBJECT

Section One — Business Conduct

1.3 Code of Business Conduct and Ethics

Policy/Procedure

WABTEC CODE OF BUSINESS CONDUCT and ETHICS

Westinghouse Air Brake Technologies Corporation ("Wabtec" or "Company") was originally formed as Westinghouse Air Brake in 1869 by George Westinghouse and over the years has grown through mergers and acquisitions to become an international corporation with operations, customers, and suppliers around the world. As a global provider of value-added, technology-based products and services for the rail industry we are proud of our commitment to ethical, respectful and lawful business and working relationships. To ensure we maintain the highest level of ethical and legal standards management has established this Code of Business Conduct and Ethics and other specific Company policies and internal controls to provide you with guidance regarding your job responsibilities. As an integral member of Wabtec, everyone is expected to observe the highest standards of professionalism and to adhere to Company policies / procedures, internal controls and applicable laws at all times.

APPLICABILITY

This Code of Business Conduct and Ethics Policy ("Policy") applies to all Wabtec directors, officers and employees, including individuals employed at domestic and foreign subsidiaries and joint ventures controlled by the Company; and where necessary and appropriate, to any outside party who acts on behalf of the Company.

As part of a global company, you must comply with all laws, regulations and Company policies that govern your work. Laws and regulations may differ, depending on the country or state in which Wabtec operates. Because Wabtec is a company based in the United States, some United States laws apply to subsidiaries and joint ventures located in foreign jurisdictions. However, Company policies and the standards of professionalism and ethics apply to everyone. No excuse or pressure justifies breaking the law or these standards. Do not use a consultant, representative or contractor to break the law or circumvent Company policies. In some countries, certain conduct is banned, but the ban is currently not enforced. This does not excuse any illegal or unethical action.

Wabtec has specific policies and procedures on a broad range of business issues, and, while this Policy may provide summary guidance for particular subjects, this does not alleviate your responsibility to review and adhere to other specific policies. This Policy is designed to assist you with making the best ethical decision regarding possible "gray areas" that may not be expressly addressed by a particular policy or procedure. This Policy is also designed to answer questions that you may have regarding interactions with each other, our customers, our suppliers and our communities. Abiding by this Policy and other Wabtec policies and avoiding even the appearance of impropriety is essential to Wabtec's mission of maintaining the highest standards of business ethics.

Wabtec Corporation
1001 Air Brake Avenue, Wilmerding, PA. 15148

SUBJECT

Section One — Business Conduct

1.3 Code of Business Conduct and Ethics

Policy/Procedure

ETHICS COMPLIANCE OFFICER

The Company has appointed **Scott E. Wahlstrom** as the **Ethics Compliance Officer** to administer this Policy. The Company has developed a comprehensive program for implementing this Policy through appropriate guidance, training, certifications, oversight monitoring and investigations. The Ethics Compliance Officer is responsible for: (1) giving advice on the interpretation and application of this Policy; (2) supporting training and education; (3) monitoring compliance with the Policy; (4) responding to inquiries and investigating reported concerns; and (5) providing periodic reporting to the Company's Board of Directors.

Contact Information for the Ethics Compliance Officer
Scott E. Wahlstrom
(412) 825-1418 or swahlstrom@wabtec.com
Also see below the "Reporting of a Violation of this Policy or a Violation of any Law, Rule or Regulation" section of this Policy for procedures to immediately report a concern to Wabtec's Hotline

CONFLICTS OF INTEREST

A conflict of interest exists when your personal interests or activities, or those of a family member, influence or interfere with the obligation to perform your job in the best interest of Wabtec. If you or someone closely associated with you may gain personally from Wabtec activity, then you should consider whether there is a conflict. Therefore you should avoid situations that might interfere, or appear to interfere, with your obligations to Wabtec. It is impractical to describe all of these situations in which conflicts may arise, but examples include: business or investment interests, outside employment or gifts from customers, suppliers or vendors. It is your responsibility to promptly disclose any situation that may be, or even appear to be, a conflict of interest.

CORPORATE OPPORTUNITIES

You are prohibited from taking personal advantage of opportunities that arise from the use of corporate property, information or position or from using any of these for personal gain. You have a duty to advance the legitimate business interests of Wabtec whenever possible.

FINANCIAL INTEREST AND OUTSIDE ACTIVITIES

You may invest in publicly traded securities of firms with which Wabtec conducts business, so long as you have no material inside information and the investment is not large enough to affect any business activities or raise an appearance of impropriety. You or your family may not have a financial interest in a non-publicly traded corporation, partnership, or other firm with which Wabtec conducts or is likely to conduct business unless you have obtained the written approval of the Ethics Compliance Officer. Depending on the specific circumstances, it may be appropriate for you to sell or otherwise give up your interest. If you are unsure about the situation, contact the Ethics Compliance Officer.

You are prohibited from competing with Wabtec and may accept remuneration from others only if they are not an actual or potential competitor of Wabtec, do not have an actual or significant business relationship with Wabtec, and if your activities do not interfere with or adversely influence your performance at Wabtec. Similarly, you must end your activities if and when, in the future, these activities constitute competition to Wabtec or become related to the operations of Wabtec. Further, outside activities may not be conducted from Wabtec facilities or involve the use of Wabtec time, equipment, supplies or other resources.

Wabtec Corporation 1001 Air Brake Avenue, Wilmerding, PA. 15148	**SUBJECT** Section One — Business Conduct 1.3 Code of Business Conduct and Ethics
Policy/Procedure	

INSIDER TRADING

Both ethical standards and United States securities law and laws of several countries prohibit you from using material, non-public information when trading or recommending the trading of securities of Wabtec or its customers, suppliers or other corporations with which Wabtec has contractual relationships or may be negotiating transactions. Such material insider information includes any knowledge you may have about dividend changes, earnings estimates, significant changes in operations, upcoming mergers or acquisitions, major litigation, new discoveries, products, and services, and any other information which could influence a person to sell, buy or otherwise trade in a company's securities. If you have material insider information, you must not buy, sell, or recommend a transaction involving a company's securities until after the company has made the information public. Violating this law can lead to significant civil and criminal penalties in the United States and elsewhere, where similar laws have been adopted.

DIVERSITY AND EQUAL OPPORTUNITY

Wabtec's future depends on its ability to attract and retain the best people at all levels of the Company. To do so, Wabtec must establish and foster an environment that embraces individual differences and encourages everyone to attain their full potential. Wabtec policies and practices strive to assure equal employment and advancement opportunities for all qualified people. Wabtec will maintain appropriate standards of conduct in the workplace and will always be sensitive to the concerns of everyone associated with the Company. Harassment for any reason is inconsistent with Wabtec's Code of Business Conduct and Ethics and will not be tolerated.

CORPORATE PROPERTY AND ASSETS

Wabtec is committed to protect its assets, including its intellectual property, resources, confidential information and good name. All Wabtec assets should be used for legitimate business purposes only. Theft, carelessness, unauthorized disclosure and misuses all have a direct impact of Wabtec's effectiveness and profitability and will not be tolerated.

CONFIDENTIAL INFORMATION / ELECTRONIC INFORMATION

You may have access to information that is confidential or proprietary to Wabtec, including intellectual property, trade secrets, customer lists, pricing, financial information, strategic plans and product development. Confidential information should only be disclosed internally and on a "need to know" basis. You should not use confidential information for your own benefit or for the benefit of others, either during or after your employment. Outside Wabtec, you may reveal confidential information and other intellectual property only for valid, approved business purposes, or when required to do so by law, subpoena, or other legal or administrative process that compels disclosure. Even then you may only do so with proper legal protection to maintain the confidentiality and protection of the information. In these cases, you must obtain prior written approval of Wabtec's Legal Department.

In addition, it is important for you to prevent misuse, disclosure, or destruction (other than in accordance with the appropriate record retention policy) of the information entrusted to you by the Company or its customers, or for which you are otherwise responsible. This information may be in printed, electronic or other format. In handling the Company's information or information owned by a third party and/or licensed by the Company, you should comply with copyright laws, computer software licensing agreements and relevant Company policy. Wabtec's Legal Department and Corporate Information Technology Department can provide advice and assistance in protecting this information in accordance with our policies and procedures.

Wabtec Corporation 1001 Air Brake Avenue, Wilmerding, PA. 15148	**SUBJECT** Section One — Business Conduct 1.3 Code of Business Conduct and Ethics
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RELATIONSHIPS WITH SUPPLIERS AND VENDORS

You have an affirmative duty to conduct business fairly and lawfully within Wabtec and with our suppliers and vendors. You are required to give all suppliers and vendors fair and uniform consideration by making decisions based on objective criteria, such as competitive pricing, delivery, quality, reliability and service.

You may not accept gifts, loans, or any other favors from anyone who is, or wishes to conduct business with Wabtec. The only exceptions are inexpensive gifts having a nominal value of about $100 USD (see below in the Gifts and Hospitality Section). You may accept occasional business meals and entertainment, provided they are not lavish, excessive, or of a nature which might create the appearance of impropriety or influence the business decision of the recipient.

If you wish to conduct business on behalf of Wabtec with an immediate family member, another relative or with a business where you or a relative is an officer, director, or principal, you must first disclose the relationship and obtain prior written approval of the Ethics Compliance Officer.

ANTITRUST / COMPETITION LAWS

Wabtec is committed to fair and open competition in the markets it serves around the world and competes independently in the marketplace in compliance with the laws of the United States and other countries. You cannot engage in any understandings or agreements with competitors to restrain trade and must avoid the appearance of such conduct. Examples of antitrust violations are: (1) price fixing; (2) bid rigging; (3) collusion to allocate markets, customers or production; and (4) group boycotts. You must be particularly aware of these prohibitions and should exercise due care in situations where competitors may be present to avoid violating these laws.

SANCTIONS AND TRADE EMBARGOES

The United States government uses economic sanctions and trade embargoes to further foreign policy and national security objectives. You must abide by all sanctions and embargoes that may be in effect. Also, you cannot comply with a boycott imposed by a foreign country against a country friendly to the United States. Consult Wabtec's Legal Department if you have a question as to whether a particular transaction is subject to a sanction or embargo or if you are asked to comply with a foreign boycott.

IMPROPER PAYMENTS

You may not offer or accept anything of value to improperly influence any person in a business relationship with Wabtec. Such improper payments include, but are not limited to, bribes, kickbacks, or loans to or from any person with whom you conduct business on behalf of Wabtec. Likewise, neither you nor any immediate family member should offer, or accept cash, gifts, or favors from vendors, lessors, customers or competitors.

This prohibition on improper payments extends to government officials, commercial entities and, as such, it generally is expressly prohibited to give or offer to give, either directly or through an agent or intermediary, anything of value in order to obtain, retain, or maintain business. For further clarification on this prohibition the Company has enacted the Anti-Bribery / Anti-Corruption Policy.

GIFTS AND HOSPITALITY

This Policy allows for the provision of business-related meals and events, ordinary business courtesies, and nominal gifts when generally considered to be accepted industry practice. However, any gift or hospitality must: (1) be modest in value (with consideration of the nature, country, location of the gift and/or where it is given or received, and typically should not exceed $100 USD in value); (2) never be in cash or similar form; (3) be in good taste and appropriate for the occasion; (4) be promotional in nature and imprinted with a company logo (if applicable); (5) be given or accepted in good faith without improperly influencing (or appearing to influence) or rewarding the recipient; and (6) be allowable under local law.

Wabtec Corporation 1001 Air Brake Avenue, Wilmerding, PA. 15148	**SUBJECT** Section One — Business Conduct 1.3 Code of Business Conduct and Ethics
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There are additional rules pertaining to the giving/receiving of a gift or the offering/accepting of hospitality which are further explained in the Anti-Bribery / Anti-Corruption Policy.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Wabtec supports your rights to participate in the political process. However, such activities must be carried out on your own time and at your own expense. The laws of the United States and other jurisdictions prohibit or restrict the ability of Wabtec to provide corporate funds in support of political campaigns. Therefore, corporate funds are not to be utilized to support political campaigns.

Likewise, Wabtec supports everyone's desire to contribute to charitable organizations utilizing their own time and resources. Wabtec resources may be contributed to a particular charitable organization with the prior written authorization of the Ethics Compliance Officer for any contribution exceeding $2000 USD. Charitable contributions of less than $2000 USD may be authorized at the local business unit level in conformance with Wabtec's Delegation of Authority.

There are additional rules pertaining to contributions to charitable organizations when government officials or commercial entities may be involved. These rules are further explained in the Anti-Bribery / Anti-Corruption Policy.

BOOKS AND RECORDS / INTERNAL CONTROLS / RECORD-KEEPING

All Wabtec books, records, accounts and financial statements must be maintained in reasonable detail to clearly and accurately represent the facts of the underlying matter in all material respects. Transactions must be recorded accurately and fairly to reflect the activities of Wabtec and comply with Wabtec's internal control procedures and applicable legal and accounting standards. Specifically, Wabtec records must properly account for all assets and liabilities, properly document all business expenditures including travel, and accurately reflect the business of Wabtec. You must not prepare, accept, approve or transmit records that intentionally or otherwise falsify or misrepresent the true nature of the transactions.

Wabtec has established accounting and other internal control standards and procedures to ensure that all Wabtec assets are protected and properly used and that financial records are accurate and reliable. Everyone shares the responsibility for maintaining and complying with required internal controls and ensuring that Wabtec assets are not misused.

Wabtec's record-retention policies are established in compliance with United States regulations and laws. Where local requirements and laws differ from those of the United States, records must be retained for the longer of Company policy or local requirements.

PROCEDURES FOR THE RECEIPT, RETENTION AND TREATMENT OF COMPLAINTS

The Audit Committee of Wabtec has established procedures for the receipt, retention and treatment of complaints received regarding improprieties relating to accounting, internal accounting controls or auditing matters and confidential, anonymous submission of complaints by employees of concerns regarding questionable accounting or auditing matters. Complaints regarding such matters should be sent to the **Ethics Compliance Officer** or by contacting Wabtec's **Ethics and Compliance Hotline** as described more fully below in the section entitled **"Reporting of a Violation of This Policy or a Violation of Any Law, Rule or Regulation".**

RESPONSIBILITIES

In addition to complying with this Policy, you should also familiarize yourself with Wabtec's Policy/Procedure Manual and report any suspected policy violations. There will be no retaliation for good-faith reports of suspected Policy violations and all reports will be addressed as confidentially as possible.

While this Policy applies to everyone, managerial and supervisory employees have a special duty to lead by example, to ensure that those whom they supervise are complying with the Policy and to respond promptly, appropriately and effectively to all alleged violations of the Policy.

Wabtec Corporation
1001 Air Brake Avenue, Wilmerding, PA. 15148

SUBJECT

Section One — Business Conduct

1.3 Code of Business Conduct and Ethics

Policy/Procedure

CONSEQUENCES OF POLICY VIOLATIONS

Violations of this Policy, unethical conduct and illegal acts are all forbidden and may result in discipline, including termination of employment, or criminal and/or civil prosecution.

Wabtec Corporation 1001 Air Brake Avenue, Wilmerding, PA. 15148	**SUBJECT** Section One — Business Conduct 1.3 Code of Business Conduct and Ethics
Policy/Procedure	

REPORTING OF A VIOLATION OF THIS POLICY OR A VIOLATION OF ANY LAW, RULE OR REGULATION

The Company has appointed the **Ethics Compliance Officer** to ensure compliance and investigate suspected Policy violations. Everyone is encouraged to raise questions or report any suspected violations without fear of retaliatory action. Each question or suspected violation will be treated with confidentiality and the highest degree of respect, and the individual may remain anonymous if they desire. If you have questions regarding this Policy or appropriate action in a particular circumstance, immediately contact the **Ethics Compliance Officer, Scott E. Wahlstrom at (412) 825-1418 or swahlstrom@wabtec.com** .

If you do not feel comfortable contacting management directly you may also raise concerns or report suspected Policy violations by contacting Wabtec's confidential **Ethics and Compliance Hotline** utilizing one of the following options:

- **Toll-Free Hotline (U.S. /Canada – English Speaking):** **877-860-1054**
- **Toll-Free Hotline (U.S. /Canada – Non English Speaking):** **888-273-6085**
- **Toll-Free Hotline (Outside the U.S. and Canada):** **See Attachment "A"**
- **Secure web reporting at:** **www.tnwinc.com/wabtec**
- **E-mail at:** **reportline@tnwinc.com**
- **Fax at:** **770-409-5008**
- **Postal Service:** **The Network**
  Attn: Wabtec
  333 Research Court
  Norcross, GA 30092

(Note: Wabtec's Hotline services are operated by an independent company called The Network. The Network offers multi-lingual services which are available 24 hours a day, 7 days a week).

All concerns will be relayed to Wabtec Corporation for review. Upon receiving a report of a concern or suspected Policy violation, the Ethics Compliance Officer will immediately document and investigate that report. If a violation is detected, the Company will take prompt measures to mitigate the violation, including disciplinary action as defined herein.

Remember:
When in doubt, ask before acting.

Wabtec Corporation 1001 Air Brake Avenue, Wilmerding, PA. 15148	**SUBJECT** Section One — Business Conduct 1.3 Code of Business Conduct and Ethics	
Policy/Procedure		

APPENDIX: A

Outside the U.S. and Canada Hotline Phone Numbers

Dialing Information and Instructions:

- Availability of calling options varies by country due to local restrictions. This may require using a different access code or type of phone. If phone service is not available then please contract Wabtec utilizing one of the other available reporting options.
- In countries where the Type of International Service is AT&T Direct, first dial the local Access Code then wait for a tone then dial the Toll-Free Number.

Country	Type of International Service	Access Code (For AT&T Direct Only)	Toll-Free Number
Brazil	AT&T Direct	**0-800-890-0288**	877-860-1054
Brazil	AT&T Direct	**0-800-888-8288**	877-860-1054
France - Telecom	AT&T Direct	**0-800-99-0011**	877-860-1054
France - Telecom Development	AT&T Direct	**0805-701-288**	877-860-1054
Germany	AT&T Direct	**0-800-225-5288**	877-860-1054
Italy	AT&T Direct	**800-172-444**	877-860-1054
Japan - KDDI	AT&T Direct	**00-539-111**	877-860-1054
Japan - Softbank Telecom	AT&T Direct	**00-665-5111**	877-860-1054
Japan - Softbank Telecom	AT&T Direct	**00-441-1111**	877-860-1054
Macedonia	AT&T Direct	**0-8000-4288**	877-860-1054
Mexico (English Speaking Operator) - Mexico New	AT&T Direct	**01-800 288-2872**	877-860-1054
Mexico (Spanish Speaking Operator) - Por Cobrar	AT&T Direct	**01-800-112-2020**	877-860-1054
Mexico (English Speaking Operator)	AT&T Direct	**001-800-462-4240**	877-860-1054
Mexico (Spanish Speaking Operator)	AT&T Direct	**001-800-658-5454**	877-860-1054
South Africa	AT&T Direct	**0-800-99-0123**	877-860-1054
United Kingdom - British Telecom	AT&T Direct	**0-800-89-0011**	877-860-1054
United Kingdom - C&W	AT&T Direct	**0-500-89-0011**	877-860-1054
United Kingdom - NTL	AT&T Direct	**0-800-013-0011**	877-860-1054

Country	Type of International Service	Toll-free Number (In country toll free format)
Australia	ITFS	**1-800-09-4144**
India	ITFS	**000-800-100-1303**
Malaysia	ITFS	**1-800-81-4639**
China North - China Netcom Group	ITFS	**10-800-711-0927**
China South - China Telecom South	ITFS	**10-800-110-0854**

WOOJIN AMERICA

Question 1: Attach relevant Certificate of Good Standing from the Secretary of State of the Commonwealth of Massachusetts.
Answer: N/A

Question 2: Provide the names and telephone numbers of all business owners, shareholders if not a publically held corporation, and/or members
Answer:

1) *Name:* *Young-Chang Kim*
   Title: *Chairman and CEO*
   Home: *Samseong Apelbaum 1101, 99-3 Samseong-dong, Gangnam-gu, Seoul, Korea*
   Business: *Yeonam Bldg., 91-2, Samseong-dong, Gangnam-gu, Seoul, KOREA*
2) *Name:* *Joseph Kim*
   Home: *801 East Walnut Street Apt 1520, Pasadena, CA 91101*
   Business: *5108 Azusa Canyon Rd, Irwindale, CA 91706*

Question 3: Provide the names, title and telephone numbers of all officers.
Answer:

1) *Name:* *Young-Chang Kim*
   Title: *Chairman and CEO*
   Home: *Samseong Apelbaum 1101, 99-3 Samseong-dong, Gangnam-gu, Seoul, Korea*
   Business: *Yeonam Bldg., 91-2, Samseong-dong, Gangnam-gu, Seoul, KOREA*
2) *Name:* *Kyung-Bong Kim*
   Title: *President*
   Home: *Koaroo apt 302-701, 645-1, Gak-ri, Ochang-eup, Cheongwon-gun, Chungbuk, Korea*
   Business: *Yeonam Bldg., 91-2, Samseong-dong, Gangnam-gu, Seoul, KOREA*
3) *Name:* *Beyong-Ock Jeon*
   Title: *Executive Managing Director*
   Home: *Banpomido apt 305-802, 60-4, Banpo-dong, Seocho-gu, Seoul, Korea*
   Business: *1108-6, Namchon-ri, Oksan-myeon, Cheongwon-gun, Chungcheongbuk-do, KOREA*
4) *Name:* *Sung-Soo Park*
   Title: *Managing Director*
   Home: *Prince apt 14-101, Banyeo 1-dong, Haeundae-gu, Busan, Korea*
   Business: *613-6, Bangchuk-ri, Sari-myeon, Goesan-gun, Chungcheongbuk-do, KOREA Jung-*
5) *Name:* *Hyun Kim*
   Title: *Director*
   Home: *Samseong Apelbaum 1101, 99-3 Samseong-dong, Gangnam-gu, Seoul, Korea*
   Business: *613-6, Bangchuk-ri, Sari-myeon, Goesan-gun, Chungcheongbuk-do, KOREA*
6) *Name:* *Chun-Ho Lee*
   Title: *Director*
   Home: *Misung apt 3-1102, 280 Hagye-dong, Nowon-gu, Seoul, Korea*
   Business: *Yeonam Bldg., 91-2, Samseong-dong, Gangnam-gu, Seoul, KOREA*

Question 4: Has the business or an owner or shareholder of the business ever had a prior contractual relationship with the MBTA? IF yes, please describe relationship.
Answer: No.

CONFIDENTIAL

Question 5: Has the business or an owner or shareholder of the business ever been in default of any obligation under a contract with the MBTA, any other Massachusetts state agency or any federal agency? IF yes, please describe the circumstances. Please indicate whether it resulted in a termination for cause.
Answer: No.

Question 6: Have any of the business owners, shareholders, or officers ever been convicted of felony violations of Federal, state or local laws? IF yes, please describe the circumstances.
Answer: No.

Question 7: Are there any pending recent law suits against the business or any of its owners or shareholders? If yes, please describe the circumstances.
Answer: No.

Question 8: Provide the name, address, account number, contact person and telephone number of the insurance agent responsible for procuring insurance required by the Solicitation Documents.
Answer: Maria Bustamante

Junior Account Manager

OneSource - Business/Employee Benefits/Personal

Bolton & Company

(626) 535-1814 Direct Phone

(626) 405-2073 Direct Fax

mbustamante@boltonco.com

www.boltonco.com

Insurance License #0008309

Question 9: Provide the name, address, contact person and telephone of three business credit references, including but not limited to your primary banking institution.
Answer:

1.) *Shinhan Bank*
Downtown Branch
738 E Pico Blvd.
Los Angeles, CA 90021
(213) 251-3090
Contact person: Jinsanf Shin
Acct #700000238250

2.) *CH Trading Inc.*
23545 Crenshaw Blvd. Ste 100A
Torrance, CA 90505
(310) 530-7800
Contact - John Oh

3.) *USTC Global Inc.*
20695 S Western Ave. #132
Torrance, CA 90501
(310) 320-8870
Contact - Jonathan Kim

Question 10: Has the business or any of the business's owners or shareholders ever filed for bankruptcy or invoked insolvency proceedings under state law?

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Answer: No.

Question 11: Provide the last three (3) years of audited financial statements, or reasonable equivalent of the Offeror. IF the Offeror is a joint venture or other combination of business entities, provide the last three (3) years audited financial statements for reach entity.
Answer: See Attachments 1-3.

Question 12: Provide the business's current code of business ethics or equivalent.
Answer: WISA will develop relationships with our customers that are more like partnerships and strive to reach continual goals by implementing quality principles and methods in all aspects of our business in the U.S.

WISA'S COMMITMENT

- *Create value and innovations for the rail industry*
- *Know our customers' needs and meet all requirements*
- *Always improve upon our methods and relationships*

Our management and staff will perform their duties with ….

- *Consistency*
- *Accountability*
- *Traceability*

Question 13: Provide the responses to Questions Nos. 1 through 12 for all proposed suppliers of major subsystems identified in response to Tab I.1 – Technical Approach.
Answer: Woojin response complete.

CONFIDENTIAL

10:18 AM
01/31/14
Accrual Basis

Woojin IS America Inc
Profit & Loss
January through December 2013

	Jan - Dec 13
Ordinary Income/Expense	
Income	
Woojin Industrial Systems	601,884.00
42500 · Completed Components	324,070.00
42600 · Project Income	1,848,514.38
Total Income	2,774,468.38
Cost of Goods Sold	
50000 · Cost of Goods Sold	1,617,420.47
50400 · Project Materials Costs	94,368.50
50800 · Cost of Labor	200,410.50
51900 · Other Project Costs	3,620.23
51910 · Freight/Shipping Cost	2,101.17
53700 · Misc Manufacturing Supplies	169.98
54100 · Worker's Compensation Insurance	575.49
Total COGS	1,918,666.34
Gross Profit	855,802.04
Expense	
Depreciation	21,583.92
60100 · Auto and Truck Expenses	7,213.17
61000 · Business Licenses and Permits	3,004.00
61200 · Dues & Memberships	8,158.00
61300 · Advertising	2,224.00
61900 · Taxes	11,858.03
62000 · Corporate Housing	43,003.26
63300 · Insurance Expense	46,539.58
63400 · Interest Expense	208.33
63500 · Service Charges	7,898.21
64100 · Lease Expense	62,845.00
64200 · Maintenance & Repairs	12,009.31
64300 · Meals and Entertainment	7,362.88
65100 · Office Supplies	2,546.22
65300 · Printing and copying	4,908.98
65400 · Software Program	3,902.49
65500 · Small Equipment/Tool	18,319.90
65600 · Postage and Delivery	249.68
65700 · Freight Charges	704.25
66000 · Payroll Expenses	201,786.03
66050 · Commission Advance	0.00
66090 · Temporary Staffing	10,017.92
66100 · Payroll Taxes	58,432.66
66500 · Training & Education	764.91
67700 · Professional Fees	29,504.38
68000 · Travel & Lodge	81,493.46
69000 · Miscellaneous	5,944.43
69200 · Security Alarm	395.40
69300 · Telephone Expense	8,846.91
69600 · Utilities	1,935.65
69800 · Uncategorized Expenses	0.01
Total Expense	663,660.97
Net Ordinary Income	192,141.07
Other Income/Expense	
Other Income	
71000 · Interest Income	1,339.42
Total Other Income	1,339.42
Net Other Income	1,339.42
Net Income	**193,480.49**

Woojin IS America Inc
Summary Balance Sheet
As of December 31, 2013

	Dec 31, 13
ASSETS	
Current Assets	
Checking/Savings	342,264.43
Accounts Receivable	-0.01
Other Current Assets	8,963.57
Total Current Assets	351,227.99
Fixed Assets	52,018.26
TOTAL ASSETS	**403,246.25**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	20,213.93
Other Current Liabilities	50,432.51
Total Current Liabilities	70,646.44
Total Liabilities	70,646.44
Equity	332,599.81
TOTAL LIABILITIES & EQUITY	**403,246.25**

WOOJIN IS AMERICA, INC.

FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011

WOOJIN IS AMERICA, INC.
FINANCIAL STATEMENTS
Years Ended December 31, 2012 and 2011

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FINANCIAL STATEMENTS

Balance Sheets 4

Statements of Operations and Accumulated Deficit 5

Choi, Kim & Park, LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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LAGRANGE, GA
FORT LEE, NJ

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors
Woojin IS America, Inc

We have compiled the accompanying balance sheets of Woojin IS America, Inc. as of December 31, 2012 and 2011 and the related statements of operations, accumulated deficit for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Choi, Kim & Park, LLP

Los Angeles, California
February 5, 2013

WOOJIN IS AMERICA, INC.
Balance Sheets
December 31, 2012 and 2011

ASSETS

	2012	2011
Current assets:		
Cash and cash equivalents	$ 665,557	$ 99,352
Prepaid expenses	5,964	4,480
Due from parent	-	6,153
Total current assets	671,521	109,985
Property and equipment:		
Vehicle	47,013	47,013
Furniture and equipment	37,582	37,582
Leasehold improvements	19,965	-
	104,560	84,595
Less: accumulated depreciation	(30,957)	(9,075)
Net fixed assets	73,603	75,520
Total assets	$ 745,124	$ 185,505

See accompanying accountants' compilation report

WOOJIN IS AMERICA, INC.
Balance Sheets
December 31, 2012 and 2011

LIABILITIES AND SHAREHOLDER'S EQUITY

	2012	2011
Current liabilities:		
Unearned revenue	$ 601,884	$ -
Payroll tax payables	995	306
Other payables	3,143	6,502
Total current liabilities	606,022	6,808
Stockholder's equity:		
Common stock - no par value		
1,000,000 shares authorized,		
200,000 shares issued and outstanding	200,000	200,000
Additional paid-in capital	300,000	-
Accumulated deficit	(360,898)	(21,303)
Total stockholder's equity	139,102	178,697
Total liabilities and stockholder's equity	$ 745,124	$ 185,505

See accompanying accountants' compilation report

WOOJIN IS AMERICA, INC.
STATEMENT OF OPERATIONS
Years Ended December 31, 2012 and 2011

	2012	2011
Revenue	$ 64,187	$ -
COGS	47,398	-
Gross Profit	16,789	-
Operating expenses:		
Advertising	10,153	4,396
Alarm expenses	527	-
Automobile expenses	8,448	6,091
Bank charges	513	164
Depreciation	21,882	9,075
Donation	-	1,000
Insurance	10,114	1,667
Meal and entertainment	9,308	7,891
Membership fee	300	-
Office supplies	11,398	21,647
Outside Service	3,674	8,390
Payroll tax expenses	10,259	2,007
Postage and delivery	2,921	2,634
Professional fee	7,680	11,598
Rent	94,282	45,456
Repair and maintenance	50	-
Salaries	124,500	36,000
Tax and license	1,522	3,728
Telephone	6,721	8,438
Travel	32,685	33,374
Utility	3,965	1,382
Total operating expenses	360,902	204,938
Loss from operations	(344,113)	(204,938)
Other income	4,518	183,635
Net loss	(339,595)	(21,303)
Accumulated deficit, beginning of period	(21,303)	-
Accumulated deficit, end of period	$ (360,898)	$ (21,303)

See accompanying accountants' compilation report

WOOJIN IS AMERICA, INC.

(A Development Stage Company)

FINANCIAL STATEMENTS

Year Ended December 31, 2011

WOOJIN IS AMERICA, INC.
(A Development Stage Company)
FINANCIAL STATEMENTS
Year Ended December 31, 2011

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FORT LEE, NJ

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors
WOOJIN IS AMERICA, INC

We have compiled the accompanying balance sheet of WOOJIN IS AMERICA, INC. as of December 31, 2011 and the related statement of operations, accumulated deficit for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Choi, Kim & Park, LLP

Los Angeles, California
February 3, 2012

WOOJIN IS AMERICA, INC.
(A Development Stage Company)
BALANCE SHEET
December 31, 2011

ASSETS

Current assets:		
Cash	$	99,352
Prepaid expenses		4,480
Due from parent		6,153
Total current assets		109,985
Fixed assets:		
Vehicle		47,013
Furniture and equipment		37,582
		84,595
Less: accumulated depreciation		(9,075)
Net fixed assets		75,520
Total assets	$	185,505

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:		
Credit card payable	$	6,502
Payroll tax payable		306
Total liabilities		6,808
Stockholder's equity:		
Common stock - no par value		
1,000,000 shares authorized,		
200,000 shares issued and outstanding		200,000
Accumulated deficit		(21,303)
Total stockholder's equity		178,697
Total liabilities and stockholder's equity	$	185,505

See accompanying accountants' compilation report

WOOJIN IS AMERICA, INC.
(A Development Stage Company)
STATEMENT OF OPERATIONS
Year Ended December 31, 2011

Revenue	$	-
Operating expenses:		
Advertising		4,396
Automobile expenses		6,091
Bank charges		164
Depreciation		9,075
Donation		1,000
Insurance		1,667
Meal and entertainment		7,891
Office supplies		21,647
Outside Service		8,390
Payroll tax expenses		2,007
Postage and delivery		2,634
Professional fee		11,598
Rent		45,456
Salaries		36,000
Tax and license		3,728
Telephone		8,438
Travel		33,374
Utility		1,382
Total operating expenses		204,938
Loss from operations		(204,938)
Other income		183,635
Net loss		(21,303)
Accumulated deficit, beginning of period		-
Accumulated deficit, end of period	$	(21,303)

See accompanying accountants' compilation report